

SCHOOL DISTRICT
OF
TOWN
OF
HAMMONTON

Town of Hammonton Board of Education
Hammonton, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

Comprehensive Annual Financial Report

of the

Town of Hammonton Board of Education

Hammonton, New Jersey

For the Fiscal Year Ended June 30, 2013

Prepared by

Town of Hammonton Board of Education

Business Administration

TOWN OF HAMMONTON SCHOOL DISTRICT

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Introductory Section

Hammonton Board of Education

566 Old Forks Road
Hammonton, NJ 08037
Phone 609-567-7000 + Fax 609-561-4420
Website: www.hammontonps.org

Dr. C. DAN BLACHFORD
Superintendent of Schools

BARBARA S. PRETTYMAN
Business Administrator/Board Secretary

November 4 , 2013

Honorable President and
Members of the Board of Education
Town of Hammonton School District
Atlantic County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Town of Hammonton School District (District) for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, management's discussion and analysis, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the US. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Town of Hammonton School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Town of Hammonton Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through twelve. These include regular as well as special education for handicapped children. The District completed the 2012-2013 fiscal year with an average daily enrollment of 3,595 students, which is 55 students above the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2012-2013	3,595	1.55
2011-2012	3,540	.54
2010-2011	3,521	2.95
2009-2010	3,420	1.72
2008-2009	3,362	2.97
2007-2008	3,265	(.88)
2006-2007	3,294	(2.17)
2005-2006	3,367	1.99
2004-2005	3,301	1.85
2003-2004	3,241	4.11

2) ECONOMIC CONDITION AND OUTLOOK:

The status of funding our school district continues to be exceptionally difficult. For example, the New Jersey Department of Education has communicated that Hammonton is "...under adequacy by \$13,016,223. The State's lack of logic in funding school districts, is illustrated by the "TAXPAYERS' GUIDE TO EDUCATION SPENDING." In the group Operating Type K-12 / 3501 + Pupils; we are the lowest spending district in Budgetary Per Pupil Cost – we spend \$10,823. The Hammonton Board needed to recommend a no tax increase budget due to local economic factors that are weighing heavily on the homeowners.

Hammonton Public Schools will continue to use every possible technique to provide the students with an efficient education, as well as, a thorough education. For the 2012-2013 school year we are an approved NJ Department of Education Choice School for grades 2-11. This will bring in additional funding of about \$1,600,000 to our Early Childhood Elementary School, Warren E. Sooy School, Hammonton Middle School, and Hammonton High school.

3) MAJOR INITIATIVES:

There are several new initiatives for 2013-2014 that are designed to improve student academic accomplishments. Hammonton will continue with staff development and monitoring in the areas of differentiated instruction, Sheltered Instruction Observation Protocol (SIOP), Collins Writing, and Kid Writing. We are also implementing the Common Core State Standards and EE4NJ.

- This year we implemented 9th Grade Physics for every student. We based the program on the Physics First curriculum and supplemented it with a Rutgers Physics program. Our faculty then looked at all the topics and improved the units. The program requires that the students use a lot of mathematics while investigating science topics. (CCSS Math and Science)

- The Hammonton School District has teacher level teams in all the schools that improve instruction and student academic performance. Each school has a teacher led "Data Management" team that analyzes the results of the NJ State Assessments and then develops instructional materials to improve our students' performance. Each school has "Instructional Management Teams" that plans instruction, develops effective pacing of lessons, and articulates with other grade levels. (All CCSS)
- For the 2013-2014 school year our teachers have all developed Student Growth Objectives. (All CCSS)
- We will continue to increase the integration of technology into the curriculum. (CCSS: 8.1, 8.2). For example, in our Warren E. Sooy School, every teacher has an ipad and there are 5 ipads in every 3rd grade classroom (we are planning to get ipads in grades 2, 4, and 5). At Hammonton Middle School, we have 6 ipad carts for science and math classrooms. In Hammonton High School we have 5 ipad carts for math and 9 ipad carts for science. Finally, this fall we are looking to buy 390 Google Chrome for English and math rooms at the Hammonton Middle School.
- We implemented ST Mathematics in grades k to 5. This is a very powerful web placed math program that focuses on problem solving and focuses on the Common Core Standards (CCSS Math 5)
- During the summer of 2013, the teachers developed new units in language arts literacy. (CCSS: 3.1, 3.2, 3.3, 3.4 and 2010 English Language Arts Standard Reading).
- We also have three full days of in-service for all the faculty members. Teachers, upon request, will be allowed to attend one out-of-district professional development session that will enhance classroom instruction. Additionally, all the principals have revised their teachers meetings to contain at least 50% instructional strategies. (PDO: 1-8)

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2013, the District's outstanding debt issues included \$30,104,000 of general obligation bonds. The proceeds of the bond issues were used to provide funds for the construction of the High School and Early Childhood Center and also for capital improvements to the Middle School and W.E.S. Elementary School. Capital leases outstanding at June 30, 2013 amounted to \$146,484. These leases were originally issued for the purchase of copiers and school buses.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1 and 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Hammonton Board of Education is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The program provides school districts with a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures. The Fund provides its member districts with the following coverage:

1. Property
2. Equipment Breakdown;
3. General and Automobile Liability;
4. Worker's Compensation;
5. School Leaders Errors and Omissions Liability;

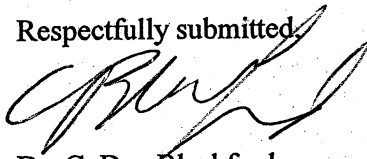
10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita & Volpa, PA was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

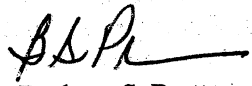
11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Town of Hammonton Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

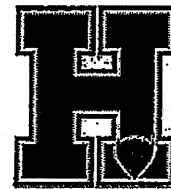
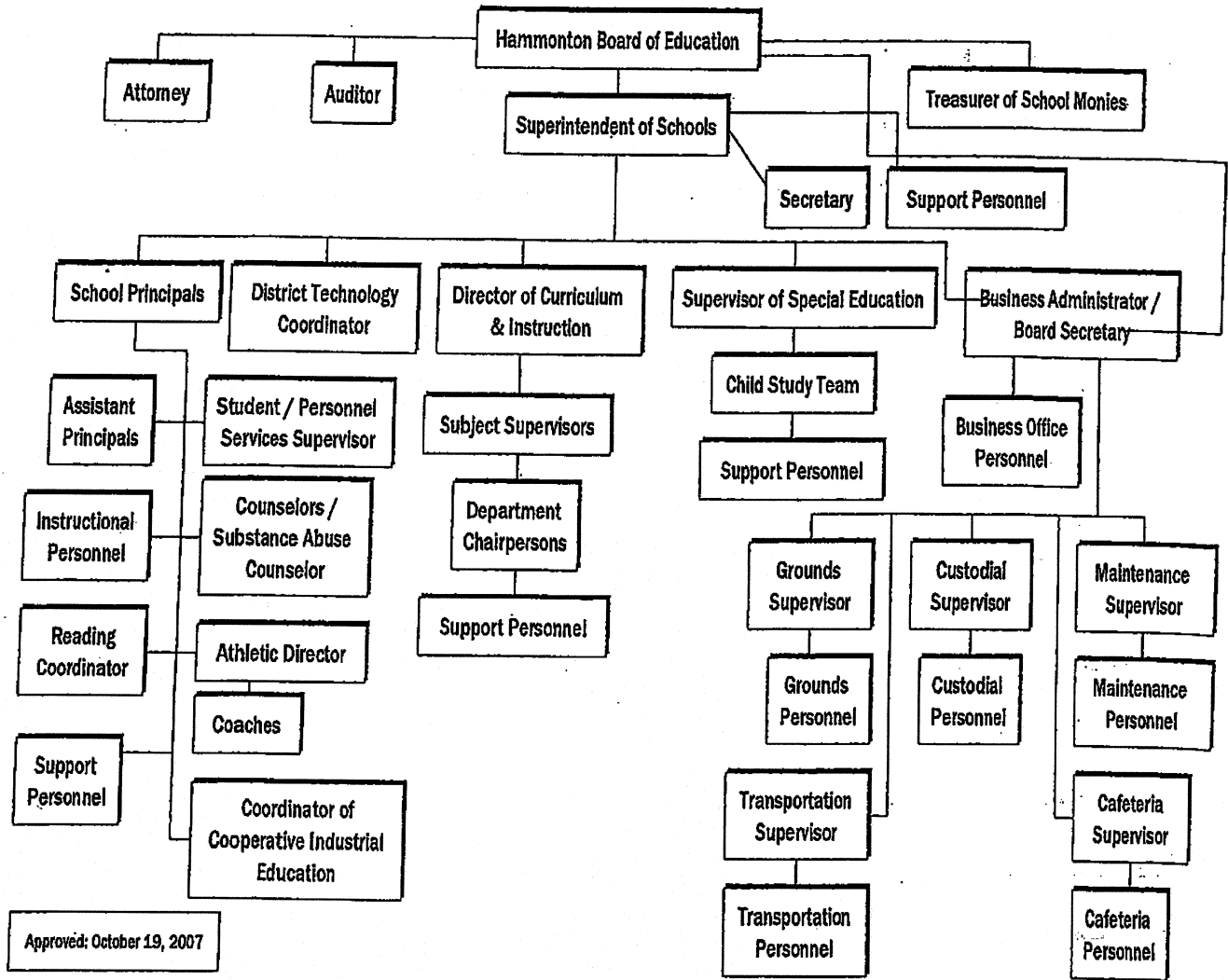


Dr. C. Dan Blachford
Superintendent



Barbara S. Prettyman
School Business Administrator/
Board Secretary

Hammonton Board of Education District Organizational Chart



TOWN OF HAMMONTON BOARD OF EDUCATION

Roster of Officials June 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Giraldo, President	2014
Robert Bauers, Vice President	2013
Thomas Attanasi	2015
Barbara Berenato	2013
Manuel Bermudez	2014
John Lyons	2013
Sam Mento III	2014
Leo Petetti	2015
Eric Weiss	2015
Terri Chiddenton - Waterford Representative	2014
Louis DeStefano - Folsom Representative (end 10/10/13)	2013
<u>Other Officials</u>	
Dr. C. Dan Blachford, Superintendent	
Barbara S. Prettyman, Business Administrator/Board Secretary	
William Donio, Esq., Solicitor	

TOWN OF HAMMONTON BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Nightlinger, Colavita & Volpa, PA
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

Attorney

William S. Donio, Esq.
Cooper Levenson
1125 Atlantic Avenue
Atlantic City, NJ 08401

Bond Counsel

McManimon and Scotland, LLC
One Riverfront Plaza
Fourth Floor
Newark, NJ 07102-5408

Official Depository

Capital Bank
245 Bellevue Avenue
Hammonton, NJ 08037

Susquehanna Bank
240 South White Horse Pike
Hammonton, NJ 08037

NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association
Certified Public Accountants*

991 S. Black Horse Pike
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Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 4, 2013

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Town of Hammonton School District
County of Atlantic, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Town of Hammonton School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hammonton Board of Education in the County of Atlantic, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and cash flows, thereof where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

New Accounting Standards

As discussed in Note 2 to the financial statements, during the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 63, Financial Reporting of Deferred Outflows of resources, Deferred Inflows of Resources, and Net Position and Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 19 and 53 through 65 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hammonton Board of Education's, financial statements as a whole. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedure applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express do not express an opinion or provide any assurance on them.

Other reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated November 4, 2013 on our consideration of the Town of Hammonton Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

Required Supplementary Information
Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Hammonton School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District increased approximately \$109,000 as a result of unspent appropriations offset by depreciation.
- The State of New Jersey reimbursed the District \$4,107,238 during the fiscal year ended June 30, 2013 for the employer's share of social security contributions and pension contributions for TPAF members as calculated on their base salaries. This amount, which is not budgeted, is included as both a revenue and expenditure in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the subsequent years' budget as budgeted fund balance. As of June 30, 2013 the District had \$0 excess surplus.
- During the fiscal year ended June 30, 2013, the District's revenue realized was \$108,940 more than total expenses. There was an increase in the tax levy of \$320,754, decrease in tuition of \$732,338, decrease in miscellaneous revenue of \$27,277 and an increase in federal and state aid of \$1,772,707. There were unspent appropriations of \$1,743,099. Depreciation on capital assets accounted for \$1,630,275 of the expenses. During the prior fiscal year, revenues realized were approximately \$7,266 more than total expenses.
- In the District's business-type activities, net position increased \$9,025 in the Latchkey Program and net position decreased \$17,437 in the Food Service Fund. This decrease in the Food Service Fund is a result of an increase in expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements*, *required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.

- The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the food service area and latchkey program.
- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

**Major Features of Town of Hammonton Board of Education's
Government-wide and Fund Financial Statements**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service and latchkey	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short- term and long- term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.

Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.
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Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's food service and latchkey programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for its employees' unemployment compensation plan. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's governmental activities net position was approximately the same between fiscal years 2012 and 2013. The business-type activities net position decreased due to an increase in expenditures in the current year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	9,102,373	8,571,193	762,790	742,021	9,865,163	9,313,214
Capital assets	38,043,490	39,295,563	316,848	256,944	38,360,338	39,552,507
Total assets	47,145,863	47,866,756	1,079,638	998,965	48,225,501	48,865,721
Long-term liabilities	32,054,319	32,965,937	23,508	22,354	32,077,827	32,988,291
Other liabilities	2,816,782	2,743,410	116,884	28,953	2,933,666	2,772,363
Total liabilities	34,871,101	35,709,347	140,392	51,307	35,011,493	35,760,654
Net position						
Invested in capital assets	8,768,081	8,693,209	316,848	256,944	9,084,929	8,950,153
Restricted	9,465,074	8,342,783			9,465,074	8,342,783
Unrestricted	(5,958,393)	(4,878,582)	622,398	690,714	(5,335,995)	(4,187,868)
Total net position	12,274,762	12,157,410	939,246	947,658	13,214,008	13,105,068

Net position of the District is approximately the same. Included in long-term liabilities are amounts due to be paid on capital leases and compensated absences.

As required by New Jersey Statutes, the unrestricted net assets of the District are not permitted to exceed 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security and assets acquired under capital leases. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2013 the District had \$0 excess surplus.

Changes in net position. The local tax levy is 35.98% of total revenues. The municipality levies this tax on properties located in the Town and remits the collections on a monthly basis to the District.

Approximately 29.25% of the District's revenue comes from the State of New Jersey in the form of non-restricted state aid. This aid is based on the District's enrollment as well as other factors such as legislative funding of the CEIFA formula. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property taxes	17,646,180	35.98%	17,325,426	37.03%
Unrestricted Federal and State aid	14,349,088	29.25%	13,328,842	28.49%
Charges for services - Tuition	10,031,406	20.45%	10,763,744	23.01%
Transportation fees from other LEA's	106,688	.22%	65,528	.14%
Operating grants and contributions	6,692,741	13.64%	6,026,604	12.88%
Other	223,825	.46%	(726,141)	(1.55)%
Totals	49,049,928	100.00%	46,784,003	100.00%

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2013 and 2012 fiscal years.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenue						
Charges for services	10,138,094	10,829,272	820,182	827,367	10,958,276	11,656,639
Federal grants	1,768,721	2,171,111	771,941	725,717	2,540,662	2,896,828
State grants/entitlements	4,924,020	3,855,493	17,149	15,714	4,941,169	3,871,207
General revenues						
Property taxes	17,646,180	17,325,426			17,646,180	17,325,426
State aid entitlements	14,349,088	13,328,842			14,349,088	13,328,842
Other	223,825	(726,141)	3,310	10,943	227,135	(715,198)
Total revenues	49,049,928	46,784,003	1,612,582	1,579,741	50,662,510	48,363,744
Expenses						
Instruction:						
Regular	23,104,424	22,343,706			23,104,424	22,343,706
Special Education	4,471,670	4,146,570			4,471,670	4,146,570
Other Instruction	1,579,809	1,450,845			1,579,809	1,450,845
Support services:						
Tuition	1,631,360	1,349,883			1,631,360	1,349,883
Student & instruction related services	6,446,175	5,688,499			6,446,175	5,688,499
School admin services	2,551,495	2,555,242			2,551,495	2,555,242
General admin services	799,956	810,159			799,956	810,159
Plant operations/maintenance	3,950,396	4,214,054			3,950,396	4,214,054
Pupil transportation	2,179,395	2,095,802			2,179,395	2,095,802
Business and other support services	1,016,998	968,567			1,016,998	968,567
Interest on long term debt	1,200,898	1,242,891			1,200,898	1,242,891
Business-type activities			1,620,994	1,490,260	1,620,994	1,490,260
Total expenses	48,932,576	46,866,218	1,620,994	1,490,260	50,553,570	48,356,478
Excess(deficiency) before special item	117,352	(82,215)	(8,412)	89,481	108,940	7,266
Increase (decrease) in net position	117,352	(82,215)	(8,412)	89,481	108,940	7,266
Net position – beginning	12,157,410	12,239,625	947,658	858,177	13,105,068	13,097,802
Net position – ending	12,274,762	12,157,410	939,246	947,658	13,214,008	13,105,068

Business-type Activities

Operating revenues of the District's business-type activities increased \$32,841 over the previous year and expenses increased by \$130,734.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$12.4 million which is approximately \$103,801 more than the beginning of the year.

General Fund Budgetary Highlights

As further explained in the Footnotes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and, as a Type II School District, are approved by the voters annually. Transfers of appropriations that do not exceed 10% on a cumulative basis may be made by Board resolution at any time during the fiscal year. Transfers of appropriations that exceed 10% on a cumulative basis must be approved by the Commissioner of Education. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budget by approximately \$436,165. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by approximately \$1.7 million. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had invested \$38.3 million in a broad range of capital assets, including land, buildings, improvements, machinery and equipment.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	324,908	324,908			324,908	324,908
Site improvements	1,181,232	1,216,509			1,181,232	1,216,509
Bldgs and Bldg impr.	35,059,665	36,204,046			35,059,665	36,204,046
Machinery & equipment	1,477,685	1,550,100	316,848	256,944	1,794,533	1,807,044
Total	38,043,490	39,295,563	316,848	256,944	38,360,338	39,552,507

Detailed information about the District's capital assets is presented in Note 10 to the financial statements.

Long-term Obligations

All bonds are authorized in accordance with State law by the voters of the District. At the end of the current fiscal year, the District had total bonded debt outstanding of \$30,104,000 and obligations under capital leases of \$146,484.

	Balance 6/30/12	Issued/ Refunded	Retired/ Adjusted	Balance 6/30/13
Governmental Activities				
Bonds payable	\$31,339,000		1,235,000	30,104,000
Obligations under				
Capital leases	238,429		91,945	146,484
Compensated absences				
Payable	2,799,728	543,063		3,342,791
Total Governmental Activities	<u>34,377,157</u>	<u>543,063</u>	<u>1,326,945</u>	<u>33,593,275</u>
Business-type Activities				
Compensated absences				
Payable	\$22,354	3,599		25,953
Total Business-type Activities	<u>22,354</u>	<u>3,599</u>		<u>25,953</u>

More detailed information about the District's long-term obligations is presented in Note 7 to the financial statements.

The legal debt limit for the District is \$57,352,146 of which \$27,248,146 or 47.51% is available to be authorized by voter approval.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The student population in the District has increased approximately 60% over the past 10 years, resulting in a significant strain on the school district and the local taxpayers. The 2013-2014 state aid funding increased approximately \$1 million however, based on the current state of the economy, we are unable to predict what the future holds as far as future state aid allocations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 566 Old Forks Road, Hammonton, New Jersey 08037.

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$8,410,115	800,695	9,210,810
Receivables, net	\$233,262	2,258	235,520
Due from other governments	\$381,930	29,334	411,264
Internal balances	\$77,066	(77,066)	
Inventory		7,569	7,569
Capital assets not being depreciated:			
Land	\$324,908		324,908
Capital assets, net of accumulated depreciation	<u>\$37,718,582</u>	<u>316,848</u>	<u>38,035,430</u>
Total Assets	<u>\$47,145,863</u>	<u>1,079,638</u>	<u>48,225,501</u>
LIABILITIES			
Accounts payable	\$350,643	96,043	446,686
Accrued interest payable	\$540,869		540,869
Intergovernmental payable	\$128,424		128,424
Unearned revenue	\$257,890	18,396	276,286
Noncurrent liabilities:			
Due within one year	\$1,538,956	2,445	1,541,401
Due beyond one year	<u>\$32,054,319</u>	<u>23,508</u>	<u>32,077,827</u>
Total liabilities	<u>\$34,871,101</u>	<u>140,392</u>	<u>35,011,493</u>
NET POSITION			
Net investment in capital assets	\$8,768,081	316,848	9,084,929
Restricted for:			
Debt service	\$187,313		187,313
Other Purposes	\$9,277,761		9,277,761
Unrestricted	<u>(\$5,958,393)</u>	<u>622,398</u>	<u>(5,335,995)</u>
Total net position	<u>\$12,274,762</u>	<u>939,246</u>	<u>13,214,008</u>

See Accompanying Notes to the Financial Statements

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2013

Exhibit A-2

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	\$17,062,303	6,042,121	8,562,388	4,397,993	(10,144,043)		(10,144,043)
Special education	3,334,339	1,137,331	1,469,018	431,201	(2,571,451)		(2,571,451)
Other instruction	1,175,051	404,758		153,458	(1,426,351)		(1,426,351)
Support services:							
Tuition	1,156,219	475,141		180,143	(1,451,217)		(1,451,217)
Student & instruction related services	5,250,039	1,196,136		672,906	(5,773,269)		(5,773,269)
School administrative services	1,843,935	707,560		365,068	(2,186,427)		(2,186,427)
General administrative services	682,634	117,322		44,481	(755,475)		(755,475)
Plant operations and maintenance	3,386,743	563,653		213,700	(3,736,696)		(3,736,696)
Pupil transportation	1,809,739	369,656	106,688	140,148	(1,932,559)		(1,932,559)
Business and other support services	770,008	246,990		93,643	(923,355)		(923,355)
Unallocated benefits	11,260,668	(11,260,668)			0		0
Interest on long-term debt	1,200,898				(1,200,898)		(1,200,898)
Total governmental activities	48,932,576	0	10,138,094	6,692,741	(32,101,741)		(32,101,741)
Business-type activities:							
Food Service	1,521,362		711,676	789,090		(20,596)	(20,596)
After School Program	99,632		108,506			8,874	8,874
Total business-type activities	1,620,994		820,182	789,090		(11,722)	(11,722)
Total primary government	\$50,553,570		10,958,276	7,481,831	(32,101,741)	(11,722)	(32,113,463)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					16,147,974		16,147,974
Taxes levied for debt service					1,498,206		1,498,206
Federal and State aid not restricted					14,349,088		14,349,088
Investment Earnings					36,456	3,310	39,766
Miscellaneous Income					184,997		184,997
Canceled purchase orders - prior year					2,372		2,372
Total general revenues, special items, adjustments, extraordinary items and transfers					32,219,093	3,310	32,222,403
Change in Net Position					117,352	(8,412)	108,940
Net Position—beginning (restated)					12,157,410	947,658	13,105,068
Net Position—ending					\$12,274,762	939,246	13,214,008

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$2,694,306	20,961	187,313	2,902,580
Capital reserve cash	5,507,535			5,507,535
Interfund accounts receivable	77,066			77,066
Receivables, net	233,262			233,262
Receivables from other governments	29,414	352,516		381,930
Total assets	<u>8,541,583</u>	<u>373,477</u>	<u>187,313</u>	<u>9,102,373</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	212,772	137,871		350,643
Due to other governments		128,424		128,424
Unearned revenue	103,297	154,593		257,890
Total liabilities	<u>316,069</u>	<u>420,888</u>	<u>0</u>	<u>736,957</u>
Fund Balances:				
Restricted:				
Capital Reserve	5,507,535			5,507,535
Tuition Reserve	1,600,000			1,600,000
Maintenance Reserve	656,526			656,526
Emergency Reserve	315,984			315,984
Special revenue fund		(47,411)		(47,411)
Debt service fund			187,313	187,313
Assigned:				
Designated for subsequent year's expenditures	1,057,814			1,057,814
Committed:				
Encumbrances	82,586			82,586
Unassigned:				
General fund	(994,931)			(994,931)
Total Fund balances	<u>8,225,514</u>	<u>(47,411)</u>	<u>187,313</u>	<u>8,365,416</u>
Total liabilities and fund balances	<u>\$8,541,583</u>	<u>373,477</u>	<u>187,313</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 38,043,490

Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (540,869)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (33,593,275)

Net position of governmental activities \$12,274,762

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$16,147,974		1,498,206	17,646,180
Tuition charges	10,031,406			10,031,406
Transportation fees from other leas	106,688			106,688
Interest earned on capital reserves	22,589			22,589
Interest	13,867			13,867
Miscellaneous	184,997			184,997
Local sources		39,102		39,102
State sources	18,020,589	829,290	384,128	19,234,007
Federal sources	51,609	1,717,112		1,768,721
Total revenues	<u>44,579,719</u>	<u>2,585,504</u>	<u>1,882,334</u>	<u>49,047,557</u>
EXPENDITURES				
Current:				
Regular instruction	13,886,760	2,101,342		15,988,102
Special education instruction	3,114,831			3,114,831
Other instruction	1,096,932			1,096,932
Support services and undistributed costs:				
Tuition	1,064,516			1,064,516
Student & instruction related services	4,799,771	219,410		5,019,181
General administrative services	659,991			659,991
School administrative services	1,610,567	96,807		1,707,374
Plant operations and maintenance	3,172,144			3,172,144
Pupil transportation	1,738,395			1,738,395
Business and other support services	722,338			722,338
Unallocated Benefits	11,100,954	159,714		11,260,668
Debt service:				
Principal			1,235,000	1,235,000
Interest and other charges			1,222,267	1,222,267
Capital outlay	481,659	2,356		484,015
Total expenditures	<u>43,448,858</u>	<u>2,579,629</u>	<u>2,457,267</u>	<u>48,485,754</u>
Excess (Deficiency) of revenues over expenditures	<u>1,130,861</u>	<u>5,875</u>	<u>(574,933)</u>	<u>561,803</u>
OTHER FINANCING SOURCES (USES)				
Canceled purchase orders prior year	2,372			2,372
Transfers in			413,100	413,100
Transfers out	(413,100)			(413,100)
Total other financing sources and uses	<u>(410,728)</u>	<u>0</u>	<u>413,100</u>	<u>2,372</u>
Net change in fund balances	720,133	5,875	(161,833)	564,175
Fund balance—July 1	7,505,381	(53,286)	349,146	7,801,241
Fund balance—June 30	<u>\$8,225,514</u>	<u>(47,411)</u>	<u>187,313</u>	<u>8,365,416</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013

Total net change in fund balances - governmental funds (from B-2) **\$564,175**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	(1,630,275)	
Capital outlays	<u>378,202</u>	(1,252,073)

Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities 1,235,000

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities. 91,945

Payment of accrued interest on long term debt is an expenditure in the governmental funds, but the payment reduces the liability in the statement of net position and is not reported in the statement of activities. 21,368

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(543,063)

Change in net position of governmental activities

\$117,352

PROPRIETARY FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Funds		
	Food Service	Latchkey Program (Non Major Fund)	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$745,156	55,539	800,695
Accounts receivable	29,334		29,334
Other accounts receivable	1,182	1,076	2,258
Inventories	7,569		7,569
Total current assets	<u>783,241</u>	<u>56,615</u>	<u>839,856</u>
Noncurrent assets:			
Furniture, machinery & equipment	674,861	119,467	794,328
Less accumulated depreciation	(460,329)	(17,151)	(477,480)
Total noncurrent assets	<u>214,532</u>	<u>102,316</u>	<u>316,848</u>
Total assets	<u>997,773</u>	<u>158,931</u>	<u>1,156,704</u>
LIABILITIES			
Current liabilities:			
Interfund Accounts Payable	68,859	8,207	77,066
Accounts Payable	96,043		96,043
Unearned Revenue	11,554	6,842	18,396
Compensated absences	23,565	2,388	25,953
Total current liabilities	<u>200,021</u>	<u>17,437</u>	<u>217,458</u>
Total liabilities	<u>200,021</u>	<u>17,437</u>	<u>217,458</u>
NET POSITION			
Net investment in capital assets	214,532	102,316	316,848
Unrestricted	583,220	39,178	622,398
Total net position	<u>\$797,752</u>	<u>141,494</u>	<u>939,246</u>

See Accompanying Notes to Financial Statements

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Fund		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$351,042		351,042
Daily sales - non-reimbursable programs	313,437		313,437
Special functions	46,019		46,019
Miscellaneous	1,178		1,178
Latchkey program revenue		108,506	108,506
Total operating revenues	<u>711,676</u>	<u>108,506</u>	<u>820,182</u>
Operating expenses:			
Cost of sales	730,086		730,086
Salaries	444,822	78,703	523,525
Employee benefits	198,643	5,981	204,624
General supplies & materials	92,785	7,507	100,292
Other costs	22,278		22,278
Depreciation	32,748	7,441	40,189
Total operating expenses	<u>1,521,362</u>	<u>99,632</u>	<u>1,620,994</u>
Operating (loss)	<u>(809,686)</u>	<u>8,874</u>	<u>(800,812)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	17,149		17,149
Federal sources:			
National school lunch program	585,469		585,469
National school breakfast program	115,385		115,385
National school snack program	1,004		1,004
Food distribution program	70,083		70,083
Interest and investment revenue	3,159	151	3,310
Total nonoperating revenues	<u>792,249</u>	<u>151</u>	<u>792,400</u>
Change in net position	<u>(17,437)</u>	<u>9,025</u>	<u>(8,412)</u>
Total net position—beginning	<u>815,189</u>	<u>132,469</u>	<u>947,658</u>
Total net position—ending	<u>\$797,752</u>	<u>141,494</u>	<u>939,246</u>

See Accompanying Notes to Financial Statements

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$711,661	108,209	819,870
Payments to employees	(627,056)	(76,517)	(703,573)
Payments to suppliers	(688,512)	(7,507)	(696,019)
Net cash provided/(used) by operating activities	(603,907)	24,185	(579,722)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from state and federal reimbursements	697,253		697,253
Net cash provided by non-capital financing activities	697,253	0	697,253
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(100,093)	0	(100,093)
Net cash (used) by capital and related financing activities	(100,093)	0	(100,093)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	3,159	151	3,310
Net cash provided by investing activities	3,159	151	3,310
Net increase (decrease) in cash and cash equivalents	(3,588)	24,336	20,748
Balances—beginning of year	748,744	31,203	779,947
Balances—end of year	\$745,156	55,539	800,695
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	(\$809,686)	\$8,874	(800,812)
Adjustments to reconcile operating income(loss) to net cash provided/(used) by operating activities			
Depreciation and net amortization	32,748	7,441	40,189
Federal commodities	70,083		70,083
(Increase)/Decrease in accounts receivable, net	(1,045)	(262)	(1,307)
Decrease in inventories	2,063		2,063
(Decrease)/Increase in accounts payable	84,491	0	84,491
(Decrease)/Increase in interfund accounts payable	12,770	8,207	20,977
(Decrease)/Increase in unearned revenue	1,030	(35)	995
(Decrease)/Increase in compensated absences payable	3,639	(40)	3,599
Total adjustments	205,779	15,311	221,090
Net cash provided/(used) by operating activities	(\$603,907)	24,185	(579,722)

See Accompanying Notes to Financial Statements

FIDUCIARY FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$242,184	59,264	307,115
	<hr/>	<hr/>	<hr/>
Total assets	<u>242,184</u>	<u>59,264</u>	<u>307,115</u>
LIABILITIES			
Accounts payable	4,419		0
Payroll deductions and withholdings			7,773
Payable to student groups			299,342
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>4,419</u>	<u>0</u>	<u>307,115</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$237,765</u>	<u>59,264</u>	

See Accompanying Notes to Financial Statements

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan member	\$45,096	
Donations		120
Total Contributions	<u>45,096</u>	<u>120</u>
Investment earnings:		
Interest	920	245
Net investment earnings	<u>920</u>	<u>245</u>
Total additions	<u>46,016</u>	<u>365</u>
DEDUCTIONS		
Unemployment claims	24,135	
Scholarships awarded		3,900
Total deductions	<u>24,135</u>	<u>3,900</u>
Change in net position	21,881	(3,535)
Net position—beginning of the year	<u>215,884</u>	<u>62,799</u>
Net position—end of the year	<u><u>\$237,765</u></u>	<u><u>59,264</u></u>

See Accompanying Notes to Financial Statements

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Hammonton School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Town of Hammonton School District (District) have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are discussed below.

A. REPORTING ENTITY:

The Town of Hammonton School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. In addition, one member is appointed from the Folsom School District and the Waterford School District under a sending/receiving relationship, as required by the statutes. Effective with the 2013 fiscal year, the election of Board Members was moved to the general election in November resulting in the members whose term would have expired in April, 2013 being carried over to December 31, 2013. The purpose of the district is to educate students in grades K-12 as well as providing educational services for the Borough of Folsom students in grades 9-12 and the Township of Waterford students in grades 7-12. Beginning with the 2011-2012 school year, the District was approved as a Choice School. The Town of Hammonton School District had an approximate enrollment at June 30, 2013 of 3,605 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2013**

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general, special revenue, capital projects and debt service activities are classified as governmental activities. The District's food service and latchkey program are classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements however, interfund balances between the governmental funds and business-type activities are reflected as internal balances. The District's net positions are reported in three parts-net investments in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, special education, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, bond issues costs, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are excluded from the government-wide financial statements.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2013**

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS:

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to the proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.
- d. **Debt service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2013**

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2013**

the students of the district and a Latchkey Program to provide before and after school care for school aged children in grades Pre-K through 5.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position. They are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Trust and Agency Funds – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Funds – are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance Trust and the Scholarship Fund.

Agency Funds – are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activity funds.

D. BASIS OF ACCOUNTING:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net positions are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net positions. Depreciation is

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

charged as an expense against current operations and capital assets are reported net of accumulated depreciation on the statement of net position.

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the fiscal year. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures are generally recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The District applies only those applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 in accounting and reporting for its proprietary operations.

E. BUDGETS/BUDGETARY CONTROL:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. However, any transfer that cumulatively exceeds ten percent of the advertised budget category must receive the approval of the County Superintendent of Schools.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Significant transfers approved by the Board of Education during the fiscal year were as follows:

<u>Account Name</u>	<u>Amount</u>
Regular Programs – Salaries of Teachers 9-12	(176,900)
Regular Programs – General Supplies	(189,597)
Regular Programs – Textbooks	(149,500)
Extraordinary Services - Salaries	160,000
Operation and Maintenance – Energy (Electricity)	(130,040)
Unallocated Benefits – Health Benefits	(390,200)
Equipment – Admin. Information Technology	121,968

F. ENCUMBRANCE ACCOUNTING:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. ASSETS, LIABILITIES AND EQUITY:

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

Investments

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories

Inventories, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Inventories in the enterprise fund are recorded at cost, computed on a first-in, first-out method.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are reported as capital assets at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed on the straight-line basis over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for equipment.

Compensated Absences

The District accounts for compensated absences (e.g. sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the district for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2013**

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as unearned revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balance of any debt used for the acquisition, construction or improvement of those assets.

Net positions are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the School district, or through external restrictions imposed by creditors, grantors, or law or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Reserves

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified governmental fund balances as follows;

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education, Superintendent or Business Administrator.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. In the proprietary funds, operating revenues consist of revenues that are a direct result of the operations of the program. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. With respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Tuition Payable

Tuition charges for the fiscal year were based on rates established by the receiving districts. These rates are subject to change when the actual costs have been determined.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2013**

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

Allocation of Costs

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses such as depreciation, compensated absences and employee benefits are allocated to functions but are reported separately in the Statement of Activities.

H. ACCOUNTING CHANGES

Change in Accounting Principles – As the result of implementing Governmental Accounting Standards Board (GASB) Statements Nos. 63 and 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2012 by \$200,686. The decrease results from no longer deferring and amortizing bond issuance costs.

I. RECENT ACCOUNTING PRONOUNCEMENTS

In April 2012, GASB issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statement No. 10 and No. 62”. This statement which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”. This statement, which is effective for fiscal periods beginning after June 15, 2013 will not have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the District’s financial reporting.

In January 2013, GASB issued Statement No. 69 “Government Combinations and Disposals of Government Operations”. This statement, which is effective for fiscal periods beginning after December 15, 2013 will not have any effect on the District’s financial reporting.

Town of Hammonton School District
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In April 2013, GASB issued Statement No. 70 "Accounting and Financial Reporting for Non-exchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013 will not have any effect on the District's financial reporting.

NOTE 2. – INVESTMENTS

As of June 30, 2013, the district had no investments. However, if the District had investments they would be subject to the following risks.

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The district places no limit on the amount the district may invest in any one issuer.

NOTE 3. – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. At June 30, 2013, the carrying amount of the District's deposits (cash and cash equivalents) was \$9,819,373 and the bank balance was \$10,310,049.

As of June 30, 2013, the School District's bank balance was exposed to custodial credit risk as follows:

FDIC Insured	250,000
GUDPA Insured	10,060,049
	<hr/>
Bank balance, June 30, 2013	<u>\$10,310,049</u>

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

NOTE 4 – RECEIVABLES

Receivables at June 30, 2013, consisted of other receivables (tuition, taxes and other), interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State and Federal Aid	\$ 611,525	\$ 640,859
Other	3,667	5,925
Gross Receivables	615,192	646,784
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 615,192	\$ 646,784

NOTE 5. INVENTORY

Inventory in the Food Service Enterprise Fund at June 30, 2013, consisted of the following:

Food	\$ 4,761
Supplies	2,808
	<u>\$ 7,569</u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Disposals / Adjustments</u>	<u>Balance June 30, 2013</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 324,908			324,908
Construction in Progress	0			0
Total capital assets not being depreciated	<u>324,908</u>			<u>324,908</u>
Site improvements	3,353,672	131,968		3,485,640
Bldg and bldg improve	52,251,026	54,758		52,305,784
Machinery & equipment	5,369,992	191,476		5,561,468
Total at historical cost	<u>60,974,690</u>	<u>378,202</u>		<u>61,352,892</u>
Less accum depr for:				

Town of Hammononton School District
Notes to Financial Statements
June 30, 2013

Site improvements	(2,137,163)	(167,245)		(2,304,408)
Bldg and bldg improve	(16,046,980)	(1,199,139)		(17,246,119)
Machinery & equipment	(3,819,892)	(263,891)		(4,083,783)
Total accum deprec	<u>(22,004,035)</u>	<u>(1,630,275)</u>		<u>(23,634,310)</u>
Total capital assets being depr, net of accum depr	<u>38,970,655</u>	<u>(1,252,073)</u>		<u>37,718,582</u>
Governmental activities capital assets, net	<u>39,295,563</u>	<u>(1,252,073)</u>		<u>38,043,490</u>
Business-type activities:				
Equipment	713,232	100,093	(18,997)	794,328
Less accum depr for:				
Equipment	<u>(456,288)</u>	<u>(40,189)</u>	<u>18,997</u>	<u>(477,480)</u>
Business-type activities capital assets, net	<u>\$ 256,944</u>	<u>59,904</u>	<u>0</u>	<u>316,848</u>

Depreciation expense as charged to governmental functions as follows:

Regular instruction	874,755
Special education	164,658
Other instruction	58,599
Tuition	68,789
Student & instruction related services	173,172
School administrative services	102,438
General administrative services	16,985
Plant operations and maintenance	81,603
Pupil transportation	53,518
Business and other support services	35,758
	<u>\$ 1,630,275</u>

NOTE 7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Balance			Balance	Amounts
	6-30-12	Issued	Retired	6-30-13	Due Within One year
Governmental Activities					
Bonds & loans payable:					
School bonds	\$ 31,339,000		1,235,000	30,104,000	1,310,000
Obligations under capital					
Leases	238,429		91,945	146,484	96,167

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

Other liabilities:

Compensated absences

Payable

2,799,728	543,063	3,342,791	132,789
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Governmental activities long-term liabilities

34,377,157	543,063	1,326,945	33,593,275	1,538,956
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Business-type Activities:

Other liabilities:

Compensated absences

Payable

22,354	3,599	25,953	2,445
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Business-type activities long-term liabilities

\$ 22,354	3,599	25,953	2,445
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Compensated absences and capital leases will be liquidated in the General Fund.

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Description of Bonds Payable

At June 30, 2013, bonds payable consisted of the following issues:

\$21,611,000 School Bonds dated 10/15/2001 payable in annual installments through August 1, 2012. Interest is paid semiannually at a fixed rate of 4.75% per annum. The balance as of June 30, 2013 was \$0. \$7,385,000 of these bonds were refunded on 9/19/06. The net present value savings amounted to \$426,798. \$10,890,000 of these bonds were refunded on 3/23/10. The net present value savings amounted to \$449,777.

\$10,890,000 School Bonds dated 3/23/2011 payable in annual installments through August 1, 2025. Interest is paid semiannually at varying rates between 2.00% and 5.00% per annum. The balance as of June 30, 2013 was \$10,130,000.

\$7,385,000 School Bonds dated 9/19/2006 payable in annual installments through August 1, 2030. Interest is paid semiannually at varying rates between 3.00% and 4.20% per annum. The balance as of June 30, 2013 was \$7,325,000.

\$2,614,000 School Bonds dated 4/15/2006 payable in annual installments through July 15, 2021. Interest is paid semiannually at varying rates between 4.25% and 4.30% per annum. The balance as of June 30, 2013 was \$1,749,000.

\$11,800,000 School Bonds dated 6/24/2011 payable in annual installments through July 1, 2030.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

Interest is paid semiannually at varying rates between 3.25% and 4.125% per annum. The balance as of June 30, 2013 was \$10,900,000.

Debt service requirements on serial bonds payable at June 30, 2013 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1,310,000	1,186,941	2,496,941
2015	1,330,000	1,150,211	2,480,211
2016	1,365,000	1,102,860	2,467,860
2017	1,455,000	1,042,666	2,497,666
2018	1,505,000	978,661	2,483,661
2019-2023	8,104,000	3,905,261	12,009,261
2024-2028	8,765,000	2,244,716	11,009,716
2029-2031	6,270,000	400,157	6,670,157
	<u>\$ 30,104,000</u>	<u>12,011,473</u>	<u>42,115,473</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2013 the Board had authorized but not issued bonds in the amount of \$0.

C. Capital Leases Payable:

The District is leasing equipment and copiers totaling \$146,484 under capital leases. Semiannual lease payments are made to TD Bank and DLL, and include interest at a rate of 4.15% to 5.472% per annum. Assets acquired under the leases are included in the general fixed assets of the District; but the District has not segregated those assets or the related depreciation expense. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2013.

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	96,167	6,290	102,457
2015	50,317	1,872	52,189
Total	<u>\$ 146,484</u>	<u>8,162</u>	<u>154,646</u>

NOTE 8. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System, the Teacher's Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple- employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple- employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L.2008 and Chapter 103, P.L. 2008, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus

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pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

The School District's contributions to PERS for the years ending June 30, 2013, 2012, 2011 were \$507,064, \$520,781, and \$502,109 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2013, 2012 and 2011, the State of New Jersey contributed \$2,661,875, \$1,850,529 and \$1,297,257 respectively, to the TPAF for post-retirement medical benefits and NCGI Premium on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,445,363, \$1,587,393 and \$1,431,112 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

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Significant Legislation

Chapter 78, P.L. 2011, effective June 23, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method of amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ from $\frac{1}{55}$, and it provided

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2013**

that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 9. POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program (the SHBP), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The SHBP is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and TPAF. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Chapter 384 of P.L. 1987 and Chapter 6 of P.L. 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, C.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement

**Town of Hammononton School District
Notes to Financial Statements
June 30, 2013**

medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, C.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 C.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Ameriprise Financial
American Century Services
ASpire Financial Services
TPAF Supplemental Annuity
Putnam Funds
Lincoln Investment Planning
Siracusa Benefits Program
Vanguard Investments
AXA Equitable Life Insurance Company
Great American Financial Resources

NOTE 11. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Sick leave benefits provide for ordinary sick pay and is capped based on the various employee contracts.

Town of Hammonton School District
Notes to Financial Statements
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In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2013, a liability existed for compensated absences in the Food Service Program and the Latchkey Program in the amounts of \$23,565 and \$2,388, respectively.

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Town of Hammonton Board of Education in a prior year, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$5,652,859
Interest Earnings	23,589
Deposits – Board Resolution June 20, 2013	350,000
Budgeted Withdrawal	(518,913)
Ending balance, June 30, 2013	<u>5,507,535</u>

The 2013-2014 Budget includes a withdrawal from the Capital Reserve Account in the amount of \$4,579,378.

NOTE 13. EMERGENCY RESERVE

New Jersey Statute 18A:7F-41(c) permits school districts to establish a current expense emergency reserve in the general fund with deposits made to the account with voter approval, beginning in the fiscal year 2008 budget process, or at year end by board resolution. This reserve account is to be used to finance future unanticipated (reasonably unforeseeable) general fund expenditures required for a thorough and efficient education. The emergency reserve balance

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cannot exceed \$250,000 or one percent of the district's general fund budget (which amounts to \$ for the 2013 fiscal year) up to a maximum of \$1 million, whichever is greater. Withdrawals require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent.

The activity in the emergency reserve for the 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$ 313,604
Interest Earnings	2,380
Ending balance, June 30, 2013	<u>\$ 315,984</u>

The 2013-2014 Budget includes a withdrawal from the Emergency Reserve Account in the amount of \$314,604.

NOTE 14. MAINTENANCE RESERVE

New Jersey Statute 18A:7G-9 permits school districts to accumulate funds for the required maintenance of a facility in accordance with EFCFA. The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities projects, districts are required to submit a plan for maintenance of that facility.

The activity in the maintenance reserve for the 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$ 752,654
Interest Earnings	3,872
Withdrawal –	(100,000)
Ending balance, June 30, 2013	<u>656,526</u>

The 2013-2014 Budget includes a withdrawal from the Maintenance Reserve Account in the amount of \$653,654.

NOTE 15. TUITION RESERVE 2010-2011

New Jersey Statute permits school districts to accumulate funds for tuition adjustments. The district shall make full appropriation of the reserve for tuition adjustments in the second year following the contract year.

The activity in the tuition reserve for the 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$ 500,000
Budget Appropriation	(500,000)
Ending balance, June 30, 2013	<u>\$ 0</u>

Town of Hammonton School District
Notes to Financial Statements
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NOTE 16. TUITION RESERVE 2011-2012

New Jersey Statute permits school districts to accumulate funds for tuition adjustments. The district shall make full appropriation of the reserve for tuition adjustments in the second year following the contract year.

The activity in the tuition reserve for the 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$ 800,000
Budget Appropriation	0
Ending balance, June 30, 2013	<u>\$ 800,000</u>

The 2013-2014 Budget includes a withdrawal from the Tuition Reserve Account in the amount of \$800,000.

NOTE 17. TUITION RESERVE 2012-2013

New Jersey Statute permits school districts to accumulate funds for tuition adjustments. The district shall make full appropriation of the reserve for tuition adjustments in the second year following the contract year.

The activity in the tuition reserve for the 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$ 0
Board Resolution, dated June 20, 2013	800,000
Ending balance, June 30, 2013	<u>\$ 800,000</u>

NOTE 18. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$994,931 in the General Fund and \$47,411 in the Special Revenue Fund as of June 30, 2013 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of correction action. The District deficit in the GAAP funds statement of \$994,931 in the General Fund and \$47,411 in the Special revenue fund is equal to or less than the last state payment(s).

NOTE 19. FUND BALANCES

Restricted Fund Balance

Capital Reserve – As of June 30, 2013, there is a balance of \$5,507,535 in the Capital Reserve Account of which \$4,579,378 has been appropriated and included as anticipated revenue for the year ended June 30, 2014.

Tuition Reserve – As of June 30, 2013, there is a balance of \$800,000 in the 2011/2012 Tuition Reserve Account which has been included as anticipated revenue for the year ended June 30, 2014; and \$800,000 in the 2012-2013 Tuition Reserve Account.

Maintenance Reserve – As of June 30, 2013, there is a balance of \$656,526 in the Maintenance Reserve Account of which \$653,654 has been appropriated and included as anticipated revenue for the year ended June 30, 2014.

Emergency Reserve – As of June 30, 2013, there is a balance of \$315,984 in the Emergency Reserve Account of which \$314,604 has been appropriated and included as anticipated revenue for the year ended June 30, 2014.

Special Revenue Fund Deficit – As of June 30, 2013, the special revenue fund deficit is \$47,411. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

Debt Service Fund – As of June 30, 2013, there is a balance of \$187,313 in the Debt Service Fund which has been appropriated and included as anticipated revenue for the year ended June 30, 2014.

Assigned Fund Balance – As of June 30, 2013, \$1,057,814 has been included as anticipated revenue for the year ended June 30, 2014.

Committed Fund Balance – As of June 30, 2013, \$82,586 is for year-end encumbrances.

Unassigned Fund Balance Deficit – As of June 30, 2013, the unassigned fund balance of the general fund was a deficit of \$994,931. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

NOTE 20. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$0.

NOTE 21. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2013 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending (deficit) balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal</u> <u>Year</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2012-2013	\$0	45,096	920	(24,135)	237,765
2011-2012	0	45,063	3,378	(94,886)	215,884
2010-2011	50,000	47,219	4,448	(237,557)	262,329

NOTE 22. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation to fund the District operations and debt service. Property taxes funded approximately 36% of the Districts 2012-2013 governmental operations.

NOTE 23. RESTATEMENT OF NET POSITION

The costs associated with the issues of various bonds are expensed in the governmental funds in the year the bonds are issued, but have previously been capitalized in the Statement of Net Position. The bond issuance costs were \$248,962 and the accumulated amortization was

Town of Hammonton School District
Notes to Financial Statements
June 30, 2013

\$48,276, resulting in an unamortized balance of \$200,686 as of June 30, 2012. In accordance with GASB Statement No. 65, the prior year net position has been restated to eliminate the deferred charge related to debt issuance costs.

NOTE 24. RESTATEMENT OF BALANCES

Certain accounts have been restated in the prior year to conform to categories established in the current year. The amounts are immaterial to the financial statements.

NOTE 25. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 77,066	
Food Service Fund		\$ 68,859
Latchkey Program		8,207
	\$ <u>77,066</u>	\$ <u>77,066</u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. The interfunds between the governmental funds and the business-type activities are shown as Internal Balances on the governmental-wide financial statements.

NOTE 26. SUBSEQUENT EVENTS

Approximately \$50,000 will be needed from the Food Service Enterprise Fund to replace cafeteria equipment for the 2013-2014 school year.

Required Supplementary Information
Part II

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$16,147,974	0	16,147,974	16,147,974	0
Tuition	9,852,026	0	9,852,026	10,031,406	179,380
Transportation Fees from Other LEA's	100,000	0	100,000	106,688	6,688
Interest earned on Capital Reserves	1,000	0	1,000	22,589	21,589
Interest earned	2,000	0	2,000	13,867	11,867
Miscellaneous	18,939	0	18,939	184,997	166,058
Total - Local Sources	26,121,939	0	26,121,939	26,507,521	385,582
State Sources:					
Equalization Aid	11,277,452		11,277,452	11,277,452	0
Categorical Special Education Aid	1,359,560		1,359,560	1,359,560	0
Categorical Security Aid	119,246		119,246	119,246	0
Categorical Transportation Aid	116,076		116,076	116,076	0
Special Education Extraordinary Aid	99,363		99,363	154,367	55,004
Public School Choice Aid	1,027,985		1,027,985	1,027,985	0
Non Public Transportation Aid				2,958	2,958
On-behalf TPAF Non-Contributory Insurance				1,249,268	1,249,268
On-Behalf TPAF Pension Contributions-Post Retirement					
Medical Contributions (non-budgeted)				1,412,607	1,412,607
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,445,363	1,445,363
Total - State Sources	13,999,682	0	13,999,682	18,164,882	4,165,200
Federal Sources:					
Medicaid Reimbursement and unrestricted federal funds	57,852		57,852	50,473	(7,379)
Education Jobs Fund		1,136	1,136	1,136	0
	57,852	1,136	58,988	51,609	(7,379)
Total Revenues	40,179,473	1,136	40,180,609	44,724,012	4,543,403

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:	1,118,913				
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	670,869	(15,000)	655,869	597,642	58,227
Grades 1-5	3,470,632	(15,000)	3,455,632	3,393,648	61,984
Grades 6-8	3,207,120	16,200	3,223,320	3,157,778	65,542
Grades 9-12	5,448,252	(176,900)	5,271,352	5,235,843	35,509
Regular Programs - Home Instruction:					
Salaries of Teachers	65,000	41,540	106,540	106,476	64
Purchased Professional-Educational Services	102,000	(13,040)	88,960	50,774	38,186
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		25,000	25,000	24,557	443
Purchased Professional-Educational Services	10,420	18,288	28,708	27,023	1,685
Purchased Technical Services	17,100	20,800	37,900	35,097	2,803
Other Purchased Services	13,200	2,720	15,920	14,665	1,255
General Supplies	1,379,595	(189,597)	1,189,998	1,145,398	44,600
Textbooks	248,517	(149,500)	99,017	90,162	8,855
Other Objects	11,000	(150)	10,850	7,697	3,153
Total Regular Programs	14,643,705	(434,639)	14,209,066	13,886,760	322,306
Special Education - Instruction:					
Learning and/or Language Disabilities					
Salaries of Teachers	111,886	8,100	119,986	119,960	26
Other Salaries for Instruction	25,044	0	25,044	24,657	487
Total Learning and/or Language Disabilities	136,930	8,100	145,030	144,517	513
Behavioral Disabilities					
Salaries of Teachers	416,536	0	416,536	415,024	1,512
Other Salaries for Instruction	125,641	3,800	129,441	109,849	19,592
General Supplies	5,400	(643)	4,757	2,638	2,119
Other Objects	1,500	0	1,500	0	1,500
Total Behavioral Disabilities	549,077	3,157	552,234	527,511	24,723
Multiple Disabilities					
Salaries of Teachers	308,927	3	308,930	308,930	0
Other Salaries for Instruction	247,128	(30,003)	217,125	210,673	6,452
General Supplies	15,900	(4,973)	10,927	8,574	2,353
Textbooks	4,850	3,100	7,950	7,257	693
Other Objects	1,000	0	1,000	0	1,000
Total Multiple Disabilities	577,805	(31,873)	545,932	535,434	10,498
Resource Room/Resource Center					
Salaries of Teachers	1,384,559	49,100	1,433,659	1,433,570	89

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Other Salaries for Instruction	69,096	2,100	71,196	70,054	1,142
General Supplies	12,400	(1,710)	10,690	9,709	981
Textbooks	1,500	1,600	3,100	1,254	1,846
Total Resource Room/Resource Center	1,467,555	51,090	1,518,645	1,514,587	4,058
Autism					
Salaries of Teachers	149,127	0	149,127	146,856	2,471
Other Salaries for Instruction	120,416	(8,000)	112,416	102,382	10,034
Other Purchased Services		120	120	120	0
General Supplies	6,300	(1,757)	4,543	3,640	903
Textbooks	500	0	500	0	500
Total Autism	276,343	(9,637)	266,706	252,798	13,908
Preschool Disabilities - Part-Time					
Salaries of Teachers	86,737	3,000	89,737	88,425	1,312
Other Salaries for Instruction	75,106	(26,000)	49,106	48,812	294
General Supplies	1,000	3,440	4,440	2,747	1,693
Total Preschool Disabilities - Part-Time	162,843	(19,560)	143,283	139,984	3,299
Total Special Education - Instruction	3,170,553	1,277	3,171,830	3,114,831	56,999
Bilingual Education - Instruction:					
Salaries of Teachers	485,243	0	485,243	469,573	15,670
Other Salaries for Instruction	22,259	5,000	27,259	25,742	1,517
Purchased Professional Educational Services		1,750	1,750	1,445	305
General Supplies	5,600	4,550	10,150	9,551	599
Total Bilingual Education - Instruction	513,102	11,300	524,402	506,311	18,091
School Sponsored Cocurricular Activities - Instruction:					
Salaries	159,116	22,907	182,023	182,023	0
Purchased Services	5,700	(2,700)	3,000	2,998	2
Supplies and Materials	20,400	(3,750)	16,650	16,644	6
Other Objects	6,000	(4,000)	2,000	1,775	225
Total School Sponsored Cocurricular Activities - Instruction	191,216	12,457	203,673	203,440	233
School-Sponsored Athletics - Instruction					
Salaries	210,000	36,900	246,900	245,681	1,219
Purchased Services	19,000	13,343	32,343	32,163	180
Supplies and Materials	120,500	(88,800)	31,700	31,562	138
Other Objects	2,775	0	2,775	2,775	0
Transfers to Cover Deficit (Agency Funds)		75,000	75,000	75,000	0
Total School-Sponsored Athletics - Instruction	352,275	38,443	388,718	387,181	1,537
Total Instruction	18,870,851	(373,162)	18,497,689	18,096,523	399,166

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	13,000	21,700	34,700	23,624	11,076
Tuition to Other LEAs Within the State - Special		14,254	14,254	13,410	844
Tuition to Co. Voc. School District - Regular	84,974	18,910	103,884	103,884	0
Tuition to CSSD & Regional Day Schools	429,000	(32,910)	396,090	370,283	25,807
Tuition to Private Schools for the Disabled - Within State	470,000	78,046	548,046	521,950	26,096
Tuition - State Facilities	31,365	0	31,365	31,365	0
Total Undistributed Expenditures - Instruction	1,028,339	100,000	1,128,339	1,064,516	63,823
Undistributed Expenditures - Attendance and Social Work:					
Salaries	71,943	3,400	75,343	74,516	827
Purchased Professional & Technical Services	32,000	(900)	31,100	31,034	66
Other Purchased Services	100	0	100	0	100
Supplies and Materials	2,750	0	2,750	1,927	823
Total Undistributed Expenditures - Attendance and Social Work	106,793	2,500	109,293	107,477	1,816
Undistributed Expenditures - Health Services:					
Salaries	233,490	(17,200)	216,290	215,785	505
Purchased Professional and Technical Services	28,975	24,500	53,475	50,686	2,789
Other Purchased Services	750	1,250	2,000	1,124	876
Supplies and Materials	14,300	(1,050)	13,250	11,343	1,907
Total Undistributed Expenditures - Health Services	277,515	7,500	285,015	278,938	6,077
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	92,826	49,100	141,926	141,917	9
Purchased Professional-Educational Services	165,000	(37,500)	127,500	111,204	16,296
Supplies and Materials	350	500	850	432	418
Total Undistributed Expenditures - Other Support Services - Students - Related Services	258,176	12,100	270,276	253,553	16,723
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Salaries	444,395	160,000	604,395	604,383	12
Purchased Professional Educational Services	229,800	38,300	268,100	246,042	22,058
Supplies and Materials	3,500	3,400	6,900	6,555	345
Other Objects	1,360	0	1,360	0	1,360
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:	679,055	201,700	880,755	856,980	23,775

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services -					
Students - Regular					
Salaries of Other Professional Staff	699,312	70,500	769,812	769,709	103
Salaries of Secretarial and Clerical Assistants	175,980	1,600	177,580	177,537	43
Purchased Professional Educational Services		350	350	313	37
Other Purchased Professional & Technical Services	500	3,370	3,870	2,893	977
Other Purchased Services	4,070	1,030	5,100	3,207	1,893
Supplies and Materials	32,200	(12,050)	20,150	15,894	4,256
Total Undistributed Expenditures - Other Support Services -					
Regular	912,062	64,800	976,862	969,553	7,309
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	1,030,197	26,600	1,056,797	1,056,731	66
Salaries of Secretarial and Clerical Assistants	89,588	0	89,588	88,845	743
Purchased Professional Educational Services	104,500	(12,720)	91,780	88,290	3,490
Other Purchased Professional and Technical Services	17,300	(1,600)	15,700	14,137	1,563
Miscellaneous Purchased Services	2,300	870	3,170	3,048	122
Supplies and Materials	21,555	(7,800)	13,755	11,636	2,119
Other Objects	975	(100)	875	0	875
Total Undistributed Expenditures - Other Support Services -					
Students - Special	1,266,415	5,250	1,271,665	1,262,687	8,978
Undistributed Expenditures - Other Support Services -					
Improvement of Instructional Services					
Other Salaries		32,000	32,000	30,520	1,480
Purchased Professional Educational Services		3,640	3,640	3,240	400
Purchased Professional and Technical Services	556	0	556	556	0
Supplies and Materials	300	0	300	0	300
Total Undistributed Expenditures - Other Support Services -					
Improvement of Instructional Services	856	35,640	36,496	34,316	2,180
Undistributed Expenditures - Educational Media Services -					
School Library					
Salaries	153,022	1,600	154,622	154,526	96
Purchased Professional and Technical Services	4,500	7,600	12,100	11,881	219
Other Purchased Services		6,150	6,150	6,064	86
Supplies and Materials	46,224	(15,690)	30,534	22,539	7,995
Other Objects	16,321	(1,000)	15,321	11,500	3,821
Total Undistributed Expenditures - Educational Media Services -					
School Library	220,067	(1,340)	218,727	206,510	12,217
Undistributed Expenditures - Instructional Staff Training Services					
Salaries of Supervisors of Instruction	718,771	4,930	723,701	723,694	7
Salaries Other Professional Staff		10,150	10,150	10,150	0
Salaries of Secretarial and Clerical Assistants	46,299	0	46,299	46,298	1
Other Salaries		7,955	7,955	7,770	185
Purchased Professional-Educational Services	100,000	(93,179)	6,821	5,450	1,371

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Purchased Professional and Technical Services	900	400	1,300	1,279	21
Other Purchased Services	13,995	25,240	39,235	32,948	6,287
Supplies and Materials	3,400	(600)	2,800	1,994	806
Other Objects	125	165	290	174	116
Total Undistributed Expenditures - Instructional Staff Training Svc	883,490	(44,939)	838,551	829,757	8,794
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	258,382	4,500	262,882	262,850	32
Legal Services	110,000	2,000	112,000	97,189	14,811
Audit Fees	20,000	2,000	22,000	17,280	4,720
Architectural/Engineering Services	20,000	7,100	27,100	11,782	15,318
Other Purchased Professional Services	1,000	7,000	8,000	0	8,000
Communications/Telephone	122,093	16,727	138,820	125,564	13,256
BOE Other Purchased Services	500	0	500	0	500
Other Purchased Services	105,000	10,000	115,000	108,056	6,944
General Supplies	3,175	2,500	5,675	4,928	747
BOE IN-House Training/Meeting Supplies	325	300	625	350	275
Judgments Against School District		9,000	9,000	9,000	0
Miscellaneous Expenditures	6,000	0	6,000	2,441	3,559
Membership Dues and Fees	22,000	(800)	21,200	20,551	649
Total Undistributed Expenditures - Support Services - Gen. Admin.	668,475	60,327	728,802	659,991	68,811
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	1,010,890	0	1,010,690	958,951	51,739
Salaries of Other Professional Staff	80,000	(3,000)	77,000	0	77,000
Salaries of Secretarial and Clerical Assistants	531,850	0	531,850	529,473	2,377
Purchased Professional and Technical Services	25,000	(7,200)	17,800	495	17,305
Other Purchased Services	100,650	34,800	135,450	67,355	68,095
Supplies and Materials	54,300	50,909	105,209	40,741	64,468
Other Objects	13,950	3,200	17,150	13,552	3,598
Total Undistributed Expenditures - Support Serv. - School Admin.	1,816,440	78,709	1,895,149	1,610,567	284,582
Undistributed Expenditures - Central Services					
Salaries	346,461	8,000	354,461	350,077	4,384
Purchased Professional Services	21,800	6,000	27,800	25,347	2,453
Purchased Technical Services	29,700	15,000	44,700	32,153	12,547
Misc. Purchased Services (400-500 series)	6,800	10,784	17,584	10,418	7,166
Supplies and Materials	25,500	22,500	48,000	12,699	35,301
Interest on Lease Purchased Agreements	4,800	(4,000)	800	0	800
Miscellaneous Expenditures	3,000	0	3,000	1,597	1,403
Total Undistributed Expenditures - Central Services	438,061	58,284	496,345	432,291	64,054

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Admin. Info Technology					
Salaries	184,262	21,900	206,162	203,284	2,878
Purchased Technical Services	60,000	0	60,000	54,892	5,308
Other Purchased Services (400-500 series)	10,000	2,000	12,000	11,644	356
Supplies and Materials	137,000	300	137,300	20,427	116,873
Total Undistributed Expenditures - Admin. Info Technology	391,262	24,200	415,462	290,047	125,415
Undistributed Expenditures - Required Maint for School Facilities					
Interest Earned on Maintenance Reserve	1,000	0	1,000		1,000
Salaries	217,173	27,400	244,573	238,192	6,381
Cleaning, Repair, and Maintenance Services	191,800	17,940	209,740	174,457	35,283
General Supplies	84,720	(11,400)	73,320	38,192	35,128
Other Objects	100	0	100	100	0
Total Undistributed Expenditures - Required Maint for School Facilities	494,793	33,940	528,733	450,941	77,792
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	666,295	(34,864)	631,431	626,782	4,649
Salaries of Non-Instructional Aides	183,097	(1,500)	181,597	173,375	8,222
Purchased Professional and Technical Services	1,300	0	1,300	0	1,300
Cleaning, Repair, and Maintenance Services	64,600	10,875	75,475	72,238	3,237
Other Purchased Property Services	74,400	1,400	75,800	49,214	26,586
Insurance	155,000	(20,000)	135,000	134,956	44
Miscellaneous Purchased Services	12,500	(5,600)	6,900	4,430	2,470
General Supplies	183,900	20,744	204,644	181,469	23,175
Energy (Natural Gas)	295,000	(86,690)	208,310	176,293	32,017
Energy (Electricity)	925,000	(130,040)	794,960	775,096	19,864
Other Objects	200	300	500	0	500
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	2,561,292	(245,375)	2,315,917	2,193,853	122,064
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	202,040	22,500	224,540	224,470	70
Purchased Professional & Technical Services		3,639	3,639	3,403	236
Cleaning, Repair, and Maintenance Services	9,000	45,029	54,029	47,779	6,250
General Supplies	73,050	(16,839)	56,211	56,211	0
Other Objects	1,350	1,700	3,050	2,896	154
Total Undistributed Expenditures - Care and Upkeep of Grounds	285,440	56,029	341,469	334,759	6,710

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Security					
Purchased Professional & Technical Services	179,000	14,940	193,940	186,761	7,179
Cleaning, Repair, & Maintenance Services	3,700	600	4,300	524	3,776
General Supplies	6,600	6,800	13,400	5,306	8,094
Total Undistributed Expenditures - Security	189,300	22,340	211,640	192,591	19,049
Total Operation & Maintenance Services	3,530,825	(133,066)	3,397,759	3,172,144	225,615
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	178,622	19,400	198,022	190,375	7,647
Sal for Pupil Transp (Between Home and School)-Reg.	571,430	75,700	647,130	625,101	22,029
Sal for Pupil Transp (Between Home and School)-Sp Ed	200,912	(18,000)	182,912	167,099	15,813
Sal for Pupil Transp (Other than Between Home & School)	3,000	37,100	40,100	35,988	4,112
Other Purchased Professional and Technical Services	700	0	700	685	15
Cleaning, Repair, and Maintenance Services	43,400	(5,868)	37,532	26,581	10,951
Lease Purchase Payments - School Buses	84,000	(10,000)	74,000	67,144	6,856
Contracted Services - (Between Home and School) - Vendors	1,000	0	1,000	0	1,000
Contracted Services - (Other than Betw Home/Sch) - Vendors	15,000	40,000	55,000	54,815	185
Contracted Services - (Between Home and School) - Joint Agr	25,000	31,000	56,000	54,750	1,250
Contracted Services - (Special Education) - Joint Agr	6,900	2,000	8,900	7,440	1,460
Contracted Services - Aid in Lieu of Payments-Non Pub Sch	27,000	0	27,000	24,099	2,901
Contracted Services - Aid in Lieu of Payments-Charter	1,768	0	1,768	0	1,768
Contracted Services - Aid in Lieu of Payments-Choice		1,768	1,768	1,768	0
Miscellaneous Purchased Services	103,000	1,500	104,500	103,931	569
Supplies and Materials	398,700	(5,435)	393,265	378,619	14,646
Other Objects	2,000	0	2,000	0	2,000
Total Undistributed Expenditures - Student Transportation Serv.	1,662,432	169,165	1,831,597	1,738,395	93,202
Interest Earned on Current Expense Emergency Reserves	1,000	0	1,000		1,000
Unallocated Benefits:					
Social Security Contributions	500,000	1,500	501,500	501,291	209
Other Retirement Contributions - Regular	530,000	(10,000)	520,000	517,790	2,210
Unemployment Compensation	2,000	0	2,000	1,127	873
Workmen's Compensation	520,000	(72,100)	447,900	436,857	11,243
Health Benefits	5,736,593	(390,200)	5,346,393	5,241,482	104,911
Tuition Reimbursement	72,300	23,500	95,800	95,746	54
Other Employee Benefits	222,900	76,000	298,900	199,623	99,277
Total Unallocated Benefits	7,583,793	(371,300)	7,212,493	6,993,716	218,777

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

Budgetary Comparison Schedule General Fund For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
On-behalf TPAF Non-Contributory Insurance				1,249,268	(1,249,268)
On-Behalf TPAF Pension Contributions-Post Retirement					
Medical Contributions (non-budgeted)				1,412,607	(1,412,607)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,445,363	(1,445,363)
Total On-behalf Contributions	0	0	0	4,107,238	(4,107,238)
Total Undistributed Expenditures	21,725,056	269,530	21,994,586	24,868,676	(2,874,090)
Total Current Expense	40,595,907	(103,632)	40,492,275	42,967,199	(2,474,924)
Capital Outlay:					
Interest Deposit to Capital Reserve	1,000	0	1,000		1,000
Equipment					
Grades 9-12		3,500	3,500	3,000	500
Undistributed Expenditures:					
Instruction		57,500	57,500	57,185	315
Central Services		2,100	2,100	2,099	1
Admin. Information Technology		101,756	101,756	85,946	15,810
Required Maintenance for School Facilities	20,000	2,000	22,000	22,000	0
Undistr. Expenditures - Custodial		5,600	5,600	0	5,600
Undistr. Expenditures - Care and Upkeep of Grounds	10,000	121,968	131,968	131,968	0
Undistr. Expenditures - Non-Instructional Equipment		21,569	21,569	21,569	0
Undistr. Expenditures - School Buses - Special	35,000	(15,300)	19,700	19,321	379
Total Equipment	65,000	300,693	365,693	343,088	22,605
Facilities Acquisition and Construction Services					
Construction Services	100,000	0	100,000	32,758	67,242
Other Objects	105,813	0	105,813	105,813	0
Total Facilities Acquisition and Construction Services	205,813	0	205,813	138,571	67,242
Total Capital Outlay	271,813	300,693	572,506	481,659	90,847

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Transfers to Charter Schools	17,586	0	17,586	0	17,586
Total Expenditures	40,885,286	197,061	41,082,347	43,448,858	(2,366,511)
Other Financing Sources (Uses):					
Capital reserve transfer to debt service	(413,100)		(413,100)	(413,100)	
Canceled purchase orders - prior year				2,372	2,372
Total Other Financing Sources (Uses)	(413,100)	0	(413,100)	(410,728)	2,372
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,118,913)	(195,925)	(1,314,838)	864,426	2,179,264
Fund Balances, July 1	8,672,857		8,672,857	8,672,857	0
Fund Balances, June 30	\$7,553,944	(195,925)	7,358,019	9,537,283	2,179,264

Recapitulation of Fund Balance:

Committed Fund Balance:	
Year End Encumbrances	82,586
Restricted Fund Balance:	
Tuition Reserve	1,600,000
Maintenance Reserve	656,526
Emergency Reserve	315,984
Capital Reserve	5,507,535
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	1,057,814
Unassigned Fund Balance	316,838
	9,537,283
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis:	(1,311,769)
Fund Balance per Governmental Funds (GAAP)	\$8,225,514

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Education Jobs Fund
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Federal Sources:					
Education Jobs Fund			1,136	1,136	0
Total Revenues	<u>0</u>	<u>0</u>	<u>1,136</u>	<u>1,136</u>	<u>0</u>
EXPENDITURES:					
Undistributed Expenditures - Custodial Services:					
Salaries			1,136	1,136	0
Total Undistributed Expenditures - Custodial Services	<u>0</u>	<u>0</u>	<u>1,136</u>	<u>1,136</u>	<u>0</u>
Total Undistributed Expenditures	<u>0</u>	<u>0</u>	<u>1,136</u>	<u>1,136</u>	<u>0</u>
Total Expenditures	<u>\$0</u>	<u>0</u>	<u>1,136</u>	<u>1,136</u>	<u>0</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Programs		52,845	52,845	39,102	(13,743)
Total - Local Sources	0	52,845	52,845	39,102	(13,743)
State Sources:					
Preschool Education Aid	613,924	0	613,924	545,284	(68,640)
Nonpublic aid	324,968	81,587	406,555	278,131	(128,424)
Total - State Sources	938,892	81,587	1,020,479	823,415	(197,064)
Federal Sources:					
Title I	794,108	258,161	1,052,269	804,721	(247,548)
I.D.E.A., Part B	591,734	113,651	705,385	688,336	(17,049)
Vocational Education	35,430	911	36,341	36,341	0
Other	100,929	100,536	201,465	190,433	(11,032)
Total - Federal Sources	1,522,201	473,259	1,995,460	1,719,831	(275,629)
Total Revenues	2,461,093	607,691	3,068,784	2,582,348	(486,436)
EXPENDITURES:					
Instruction					
Salaries of Teachers	365,358	519,260	884,618	779,509	105,109
Other Salaries for Instruction	294,222	(14,960)	279,262	238,979	40,283
Purchased Professional, Technical and Educational Services	1,260,503	(314,901)	945,602	833,814	111,788
General Supplies	264,810	5,419	270,229	212,011	58,218
Textbooks	29,499	6,168	35,667	34,629	1,038
Other Objects		3,477	3,477	1,265	2,212
Total instruction	2,214,392	204,463	2,418,855	2,100,207	318,648

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Other Professional Staff		150,826	150,826	96,807	54,019
Personal Services - Employee Benefits	72,426	102,718	175,144	159,714	15,430
Purchased Professional and Technical Services	128,845	68,113	196,958	143,117	53,841
Other Purchased Services	35,000	64,186	99,186	66,061	33,125
Supplies and Materials		21,459	21,459	14,086	7,373
Total support services	236,271	407,302	643,573	479,785	163,788
Facilities acquisition and construction services					
Instructional equipment	10,430	(8,074)	2,356	2,356	0
Non-Instructional equipment		4,000	4,000	0	4,000
Total facilities acquisition and construction services	10,430	(4,074)	6,356	2,356	4,000
Total expenditures	2,461,093	607,691	3,068,784	2,582,348	486,436
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$0	0	0	(0)	(0)

Required Supplemental Information

TOWN OF HAMMONTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2013

Note A - Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$44,724,012	2,582,348
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Prior year		5,881
Current year		(8,600)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,167,476	53,286
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,311,769)</u>	<u>(47,411)</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>44,579,719</u>	<u>2,585,504</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	43,448,858	2,582,348
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Prior year		5,881
Current year		<u>(8,600)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$43,448,858</u>	<u>2,579,629</u>

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2013

Exhibit E-1
Page 1

	HEF FY12 HS Teacher of the Year Grant	HEF FY12 ECEC Teacher of the Year Grant	HEF FY12 WES Teacher of the Year Grant	HEF FY12 MS Teacher of the Year Grant	HEF Ladibug Cameras ECEC	HEF Kpads ECEC	HEF iPads WES	HEF White Board Middle School	HEF News 2 You Middle School
REVENUES:									
Local Sources	\$241	500	500	482	4,881	4,606	5,000	1,699	140
State Sources									
Federal Sources									
Total revenues	<u>241</u>	<u>500</u>	<u>500</u>	<u>482</u>	<u>4,881</u>	<u>4,606</u>	<u>5,000</u>	<u>1,699</u>	<u>140</u>
EXPENDITURES:									
Instruction:									
Salaries of teachers									
Other salaries of instruction									
Purchased professional, technical and educational svcs									140
General supplies	241	500	500	482	4,881	4,606	5,000	1,699	
Textbooks									
Other objects									
Total Instruction	<u>241</u>	<u>500</u>	<u>500</u>	<u>482</u>	<u>4,881</u>	<u>4,606</u>	<u>5,000</u>	<u>1,699</u>	<u>140</u>
Support services:									
Salaries of other professional staff									
Personal services- employee benefits									
Purchased professional and technical services									
Other purchased services									
Supplies and materials									
Total support services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Facilities acquisition and construction services									
Instructional equipment									
Total facilities acquisition and construction services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>\$241</u>	<u>500</u>	<u>500</u>	<u>482</u>	<u>4,881</u>	<u>4,606</u>	<u>5,000</u>	<u>1,699</u>	<u>140</u>

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2013

Exhibit E-1
Page 2

	HEF Dishwasher Middle School	HEF Tables & Stools High School	HEF Fun & Fitness High School	HEF Technology In The Classroom High School	HEF Response Systems High School	HEF Work Program High School	HEF TV Studio High School	HEF FY13 ECEC Teacher of the Year Grant	HEF FY13 WES Teacher of the Year Grant
REVENUES:									
Local Sources	397	2,603	4,850	1,276	1,276	650	3,971	500	500
State Sources									
Federal Sources									
Total revenues	<u>397</u>	<u>2,603</u>	<u>4,850</u>	<u>1,276</u>	<u>1,276</u>	<u>650</u>	<u>3,971</u>	<u>500</u>	<u>500</u>
EXPENDITURES:									
Instruction:									
Salaries of teachers									
Other salaries of instruction									
Purchased professional, technical and educational svcs								500	
General supplies	397	2,603	4,850	1,276	1,276	650	3,971		500
Textbooks									
Other objects									
Total instruction	<u>397</u>	<u>2,603</u>	<u>4,850</u>	<u>1,276</u>	<u>1,276</u>	<u>650</u>	<u>3,971</u>	<u>500</u>	<u>500</u>
Support services:									
Salaries of other professional staff									
Personal services- employee benefits									
Purchased professional and technical services									
Other purchased services									
Supplies and materials									
Total support services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Facilities acquisition and construction services									
Instructional equipment									
Total facilities acquisition and construction services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>397</u>	<u>2,603</u>	<u>4,850</u>	<u>1,276</u>	<u>1,276</u>	<u>650</u>	<u>3,971</u>	<u>500</u>	<u>500</u>

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2013

Exhibit E-1
Page 3

	HEF FY13 HS Teacher of the Year Grant	Robotics Award High School	WES Library Books	CAD Award High School	Brain Alliance Grant	Total Local Funds	Nonpublic Textbooks	Nonpublic Auxiliary Aid Compensatory Education	Transportation
REVENUES:									
Local Sources	475	1,000	100	2,500	955	39,102			
State Sources							34,629	109,027	6,354
Federal Sources									
Total revenues	475	1,000	100	2,500	955	39,102	34,629	109,027	6,354
EXPENDITURES:									
Instruction:									
Salaries of teachers									
Other salaries of instruction									
Purchased professional, technical and educational svcs						640		109,027	
General supplies	475	1,000		2,500		37,407			
Textbooks							34,629		
Other objects									
Total instruction	475	1,000	0	2,500	0	38,047	34,629	109,027	0
Support services:									
Salaries of other professional staff									
Personal services- employee benefits									
Purchased professional and technical services									6,354
Other purchased services					265	265			
Supplies and materials			100		690	790			
Total support services	0	0	100	0	955	1,055	0	0	6,354
Facilities acquisition and construction services									
Instructional equipment						0			
Total facilities acquisition and construction services	0	0	0	0	0	0	0	0	0
Total expenditures	475	1,000	100	2,500	955	39,102	34,629	109,027	6,354

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2013

Exhibit E-1
Page 4

	Nonpublic Handicapped Aid			Nonpublic Nursing	Nonpublic Technology	Nonpublic Home Instruction	Preschool Education Aid	Total State Funds	Title I Part A	Carryover Title I Part A
	Examination & Classification	Corrective Speech	Supplemental Instruction							
REVENUES:										
Local Sources										
State Sources	31,054	12,812	22,757	47,700	9,863	3,935	545,284	823,415	588,472	216,249
Federal Sources										
Total revenues	31,054	12,812	22,757	47,700	9,863	3,935	545,284	823,415	588,472	216,249
EXPENDITURES:										
Instruction:										
Salaries of teachers							312,398	312,398	327,795	91,473
Other salaries of instruction							81,822	81,822	108,620	3,322
Purchased professional, technical and educational svcs	31,054	12,812	22,757		2,794	3,935		182,379	15,732	227
General supplies					7,069		98,638	105,707	14,934	14,365
Textbooks								34,629		
Other objects								0		1,265
Total instruction	31,054	12,812	22,757	0	9,863	3,935	492,858	716,935	467,081	110,652
Support services:										
Salaries of other professional staff								0	15,734	52,198
Personal services- employee benefits							52,426	52,426	80,534	11,245
Purchased professional and technical services				47,700				54,054	1,879	11,780
Other purchased services								0	19,923	21,187
Supplies and materials								0	3,321	9,187
Total support services	0	0	0	47,700	0	0	52,426	106,480	121,391	105,597
Facilities acquisition and construction services										
Instructional equipment										
Total facilities acquisition and construction services	0	0	0	0	0	0	0	0	0	0
Total expenditures	31,054	12,812	22,757	47,700	9,863	3,935	545,284	823,415	588,472	216,249

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2013

Exhibit E-1
Page 5

	Title III English Language Enhancement	Carryover Title III English Language Enhanc.	Race to the Top Phase 3	I.D.E.A. Part - B Basic	Carryover I.D.E.A. Part - B Basic	I.D.E.A. Part - B Preschool	Title II Part A	Carryover Title II Part A	Perkins Vocational	Total Federal Funds	Totals
REVENUES:											
Local Sources											39,102
State Sources											823,415
Federal Sources	54,390	5,347	54,472	634,933	31,187	22,216	71,827	4,397	36,341	1,719,831	1,719,831
Total revenues	54,390	5,347	54,472	634,933	31,187	22,216	71,827	4,397	36,341	1,719,831	2,582,348
EXPENDITURES:											
Instruction:											
Salaries of teachers							47,843			467,111	779,509
Other salaries of instruction	45,215									157,157	238,979
Purchased professional, technical and educational svcs	5,450			599,473	7,697	22,216				650,795	833,814
General supplies	266	5,347							33,985	68,897	212,011
Textbooks										0	34,629
Other objects										1,265	1,265
Total instruction	50,931	5,347	0	599,473	7,697	22,216	47,843	0	33,985	1,345,225	2,100,207
Support services:											
Salaries of other professional staff			28,875							96,807	96,807
Personal services- employee benefits	3,459		2,209				9,841			107,288	159,714
Purchased professional and technical services			14,800	35,460	23,490			1,654		89,063	143,117
Other purchased services			7,800				14,143	2,743		65,795	86,061
Supplies and materials			788							13,296	14,086
Total support services	3,459	0	54,472	35,460	23,490	0	23,984	4,397	0	372,260	479,785
Facilities acquisition and construction services											
Instructional equipment									2,356	2,356	2,356
Total facilities acquisition and construction services	0	0	0	0	0	0	0	0	2,356	2,356	2,356
Total expenditures	54,390	5,347	54,472	634,933	31,187	22,216	71,827	4,397	36,341	1,719,831	2,582,348

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$312,398	312,398	0
Other Salaries for Instruction	113,507	81,822	31,685
Instructional Supplies	135,593	98,638	36,955
Total instruction	<u>561,498</u>	<u>492,858</u>	<u>68,640</u>
Support services:			
Personal Services-Employee Benefits	52,426	52,426	0
Total support services	<u>52,426</u>	<u>52,426</u>	<u>0</u>
Total expenditures	<u>\$613,924</u>	<u>545,284</u>	<u>68,640</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2012-13 Preschool Education Aid Allocation	\$474,114
Add: Actual ECPA Carryover (June 30, 2012)	172,891
Add: Budgeted Transfer from the General Fund 2012-13	0
Total Preschool Education Aid Funds Available for 2012-13 Budget	647,005
Less: 2012-13 Budgeted Preschool Education Aid(Including prior year budgeted carryover)	(613,924)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2013	33,081
Add: June 30, 2013 Unexpended Preschool Education Aid	68,640
2012-13 Carryover - Preschool Education Aid/Preschool	<u>\$101,721</u>
2012-13 Preschool Education Aid Carryover Budgeted for Preschool Programs 2013-14	<u>\$33,081</u>

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

PROPRIETARY FUNDS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

Latchkey Child Care Fund – This fund provides for the operation of school child supervision.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

TOWN OF HAMMONTON SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Position
June 30, 2013

	<u>Food Service</u>	<u>Latchkey Program</u>	<u>2013</u>
ASSETS:			
Cash and cash equivalents	\$745,156	55,539	800,695
Accounts Receivable:			
State	1,610		1,610
Federal	27,724		27,724
Other	1,182	1,076	2,258
Inventories	7,569		7,569
Total Current Assets	<u>783,241</u>	<u>56,615</u>	<u>839,856</u>
Capital Assets:			
Equipment	674,861	119,467	794,328
Accumulated depreciation	(460,329)	(17,151)	(477,480)
Total capital assets	<u>214,532</u>	<u>102,316</u>	<u>316,848</u>
Total assets	<u>997,773</u>	<u>158,931</u>	<u>1,156,704</u>
LIABILITIES AND FUND EQUITY:			
Current liabilities:			
Interfund accounts payable	68,859	8,207	77,066
Accounts payable	96,043		96,043
Unearned revenue	11,554	6,842	18,396
Compensated absences payable	23,565	2,388	25,953
Total current liabilities	<u>200,021</u>	<u>17,437</u>	<u>217,458</u>
Net Position:			
Unrestricted	583,220	39,178	622,398
Investment in capital assets	214,532	102,316	316,848
Total net position	<u>797,752</u>	<u>141,494</u>	<u>939,246</u>
Total liabilities and net position	<u>\$997,773</u>	<u>158,931</u>	<u>1,156,704</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Net Position
For the Fiscal Year ended June 30, 2013

	Food Service	Latchkey	2013
OPERATING REVENUES:			
Local Sources:			
Daily sales- reimbursable programs			
School lunch, breakfast, snack program	\$351,042		351,042
Daily sales non- reimbursable programs	313,437		313,437
Latchkey program revenue		108,506	108,506
Miscellaneous	1,178		1,178
Special Functions	46,019		46,019
	<u>711,676</u>	<u>108,506</u>	<u>820,182</u>
Total Operating Revenues	<u>711,676</u>	<u>108,506</u>	<u>820,182</u>
OPERATING EXPENSES:			
Salaries	444,822	78,703	523,525
Employee benefits	198,643	5,981	204,624
Supplies & Materials	92,785	7,507	100,292
Depreciation	32,748	7,441	40,189
Cost of sales	730,086		730,086
Other	22,278		22,278
	<u>1,521,362</u>	<u>99,632</u>	<u>1,620,994</u>
Total operating expenses	<u>1,521,362</u>	<u>99,632</u>	<u>1,620,994</u>
Operating income (loss)	<u>(809,686)</u>	<u>8,874</u>	<u>(800,812)</u>
Nonoperating revenues:			
State sources			
State school lunch program	17,149		17,149
Federal sources			
National school lunch program	585,469		585,469
National school breakfast program	115,385		115,385
National school snack program	1,004		1,004
Food Distribution Program	70,083		70,083
Interest revenue	3,159	151	3,310
	<u>792,249</u>	<u>151</u>	<u>792,400</u>
Total nonoperating revenues	<u>792,249</u>	<u>151</u>	<u>792,400</u>
Net income	(17,437)	9,025	(8,412)
Net Postion, July 1	815,189	132,469	947,658
	<u>815,189</u>	<u>132,469</u>	<u>947,658</u>
Net Postion, June 30	<u>\$797,752</u>	<u>141,494</u>	<u>939,246</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Combining Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds
For the Fiscal Year ended June 30, 2013

	Food Service	Latchkey	2013
Cash flows from operating activities:			
Cash received from customers	\$711,661	108,209	819,870
Cash payments to employees for services	(627,056)	(76,517)	(703,573)
Cash payments to suppliers for goods and services	(688,512)	(7,507)	(696,019)
Net cash provided/(used) by operating activities	<u>(603,907)</u>	<u>24,185</u>	<u>(579,722)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements	697,253		697,253
Net cash provided by noncapital financing activities	<u>697,253</u>	<u>0</u>	<u>697,253</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(100,093)		(100,093)
Net cash (used) by capital and related financing activities	<u>(100,093)</u>	<u>0</u>	<u>(100,093)</u>
Cash flows from investing activities:			
Interest on investments	3,159	151	3,310
Net cash provided by investing activities	<u>3,159</u>	<u>151</u>	<u>3,310</u>
Net increase (decrease) in cash and cash equivalents	(3,588)	24,336	20,748
Cash and cash equivalents, July 1	<u>748,744</u>	<u>31,203</u>	<u>779,947</u>
Cash and cash equivalents, June 30	<u>\$745,156</u>	<u>55,539</u>	<u>800,695</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	(\$809,686)	8,874	(800,812)
Adjustments to reconcile operating income/(loss) to cash provided (used) by operating activities:			
Depreciation	32,748	7,441	40,189
Federal Commodities	70,083		70,083
Change in assets and liabilities:			
Decrease/(Increase) in accounts receivable	(1,045)	(262)	(1,307)
Decrease/(Increase) in inventory	2,063		2,063
(Decrease)/Increase in accounts payable	84,491		84,491
(Decrease)/Increase in interfund accounts payable	12,770	8,207	20,977
(Decrease)/Increase in unearned revenue	1,030	(35)	995
(Decrease)/Increase in compensated absence payable	3,639	(40)	3,599
Net cash provided/(used) by operating activities	<u>(603,907)</u>	<u>24,185</u>	<u>(579,722)</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

TOWN OF HAMMONTON SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Fiduciary Net Position
June 30, 2013

	<u>Expendable Trusts</u>		<u>Agency</u>		<u>Total</u>
	<u>Scholarship</u>	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and cash equivalents	\$59,264	242,184	299,342	7,773	608,563
Total Assets	<u>59,264</u>	<u>242,184</u>	<u>299,342</u>	<u>7,773</u>	<u>608,563</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable		4,419	0		4,419
Payroll deductions and withholdings				7,773	7,773
Due to student groups			299,342		299,342
Total Liabilities	<u>0</u>	<u>4,419</u>	<u>299,342</u>	<u>7,773</u>	<u>311,534</u>
Net Position:					
Reserved - Expendable Trust					
Unemployment		237,765			237,765
Scholarship	59,264				59,264
Total net position	<u>59,264</u>	<u>237,765</u>	<u>0</u>	<u>0</u>	<u>297,029</u>
Total liabilities and net position	<u>\$59,264</u>	<u>242,184</u>	<u>299,342</u>	<u>7,773</u>	<u>608,563</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
ASSETS:				
Cash and cash equivalents	\$272,541	777,850	751,049	299,342
Total assets	<u>272,541</u>	<u>777,850</u>	<u>751,049</u>	<u>299,342</u>
LIABILITIES:				
Accounts payable	809		809	0
Due to student groups	271,732	777,850	750,240	299,342
Total liabilities	<u>\$272,541</u>	<u>777,850</u>	<u>751,049</u>	<u>299,342</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Scholarship Expendable Trust Fund
Statement of Revenues, Expenditures
and Changes in Net Position
for the Fiscal Year ended June 30, 2013

	<u>2013</u>
OPERATING REVENUES:	
Local sources:	
Interest on investments	\$245
Donations	<u>120</u>
Total operating revenues	<u>365</u>
 OPERATING EXPENSES:	
Scholarship payments	<u>3,900</u>
Total operating expenses	<u>3,900</u>
Operating (loss)	<u>(3,535)</u>
Net (Loss)	<u>(3,535)</u>
Net Position, July 1	<u>62,799</u>
Net Position, June 30	<u><u>\$59,264</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Unemployment Expendable Trust Fund
Statement of Revenues, Expenditures
and Changes in Net Position
for the Fiscal Year ended June 30, 2013

	<u>2013</u>
OPERATING REVENUES:	
Local sources:	
Interest on investments	\$920
Contributions	<u>45,096</u>
Total operating revenues	<u>46,016</u>
 OPERATING EXPENSES:	
Payments of unemployment claims	<u>24,135</u>
Total operating expenses	<u>24,135</u>
Operating Income	<u>21,881</u>
Net Income	<u>21,881</u>
Net Position, July 1	<u>215,884</u>
Net Position, June 30	<u><u>\$237,765</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2013</u>
ECEC	\$21,341	24,298	23,516	22,123
Elementary School	31,760	34,261	39,554	26,467
Middle School	57,066	120,315	114,361	63,020
Middle School Athletics	54	3,903	3,589	368
High School Students	156,171	486,566	461,945	180,792
High School Athletics	6,149	108,507	108,084	6,572
Total all schools	<u>\$272,541</u>	<u>777,850</u>	<u>751,049</u>	<u>299,342</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
ASSETS:				
Cash and cash equivalents	\$19,425	12,449,059	12,460,711	7,773
Total assets	<u>19,425</u>	<u>12,449,059</u>	<u>12,460,711</u>	<u>7,773</u>
LIABILITIES:				
Payroll deductions and withholdings	19,425	12,449,059	12,460,711	7,773
Total liabilities	<u>\$19,425</u>	<u>12,449,059</u>	<u>12,460,711</u>	<u>7,773</u>

LONG-TERM DEBT

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

TOWN OF HAMMONTON SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2012	Issued	Retired	Balance June 30, 2013	
			Date	Amount						
Refunding School Bonds	9/19/06	7,385,000	8/1/13-16	25,000	3.250%					
			8/1/17	25,000	4.200%					
			8/1/18-22	30,000	4.200%					
			8/1/23-24	35,000	4.200%					
			8/1/25	540,000	4.200%					
			8/1/26	1,185,000	4.200%					
			8/1/27	1,235,000	4.200%					
			8/1/28	1,290,000	4.200%					
			8/1/29	1,345,000	4.200%					
			8/1/30	1,385,000	4.200%	7,345,000		20,000	7,325,000	
Refunding School Bonds	3/23/10	10,890,000	8/1/13	620,000	2.000%					
			8/1/14	635,000	2.000%					
			8/1/15	660,000	5.000%					
			8/1/16	695,000	5.000%					
			8/1/17	735,000	5.000%					
			8/1/18	770,000	5.000%					
			8/1/19	810,000	4.250%					
			8/1/20	250,000	4.500%					
			8/1/20	605,000	5.000%					
			8/1/21	890,000	3.125%					
			8/1/22	925,000	3.250%					
			8/1/23	965,000	5.000%					
			8/1/24	1,015,000	4.250%					
			8/1/25	555,000	4.000%	10,735,000		605,000	10,130,000	
Reroofing & addition alterations to the Middle School	4/15/06	2,614,000	7/15/13	165,000	4.250%					
			7/15/14	170,000	4.250%					
			7/15/15	180,000	4.250%					
			7/15/16	185,000	4.250%					
			7/15/17	195,000	4.250%					
			7/15/18	200,000	4.250%					
			7/15/19	210,000	4.250%					
			7/15/20	220,000	4.300%					
			7/15/21	224,000	4.300%	1,909,000		160,000	1,749,000	
Various Improvements to W.E.S. Elementary School	6/24/10	11,800,000	7/1/13-15	500,000	3.250%					
			7/1/16-20	550,000	3.500%					
			7/1/21-23	600,000	3.750%					
			7/1/24	600,000	4.000%					
			7/1/25-26	650,000	4.000%					
			7/1/27-28	700,000	4.000%					
			7/1/29	750,000	4.125%					
			7/1/30	800,000	4.125%	11,350,000		450,000	10,900,000	
						<u>\$31,339,000</u>	<u>0</u>	<u>1,235,000</u>	<u>30,104,000</u>	

TOWN OF HAMMONTON SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations under Capital Leases
June 30, 2013

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2012</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2013</u>
Two Buses	4.500%	154,718	63,157		30,884	32,273
One Bus	4.500%	75,895	30,981		15,150	15,831
Five Copiers	5.472%	84,390	53,371		16,828	36,543
Two Buses	4.150%	151,700	90,920		29,083	61,837
			<u>\$238,429</u>	<u>0</u>	<u>91,945</u>	<u>146,484</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$1,498,206	0	1,498,206	1,498,206	0
	<u>1,498,206</u>	<u>0</u>	<u>1,498,206</u>	<u>1,498,206</u>	<u>0</u>
State Sources:					
Debt Service Aid Type II	384,128	0	384,128	384,128	0
Total - State Sources	<u>384,128</u>	<u>0</u>	<u>384,128</u>	<u>384,128</u>	<u>0</u>
Total Revenues	<u>1,882,334</u>	<u>0</u>	<u>1,882,334</u>	<u>1,882,334</u>	<u>0</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	1,222,267	0	1,222,267	1,222,267	0
Redemption of Principal	<u>1,235,000</u>	<u>0</u>	<u>1,235,000</u>	<u>1,235,000</u>	<u>0</u>
Total Regular Debt Service	<u>2,457,267</u>	<u>0</u>	<u>2,457,267</u>	<u>2,457,267</u>	<u>0</u>
Total expenditures	<u>2,457,267</u>	<u>0</u>	<u>2,457,267</u>	<u>2,457,267</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(574,933)	0	(574,933)	(574,933)	0
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>413,100</u>		<u>413,100</u>	<u>413,100</u>	<u>0</u>
Total other financing sources (uses)	<u>413,100</u>	<u>0</u>	<u>413,100</u>	<u>413,100</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(161,833)	0	(161,833)	(161,833)	0
Fund Balance, July 1	161,833	0	161,833	349,146	187,313
Fund Balance, June 30	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>187,313</u>	<u>187,313</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>(\$161,833)</u>		<u>(161,833)</u>		<u>161,833</u>

Statistical Section

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. However due to the change in the statistical requirements information was unavailable for all 10 years.

TOWN OF HAMMONTON SCHOOL DISTRICT
Net Position by Component,
Last Ten Fiscal Years
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	7,288,800	8,170,291	5,376,561	8,686,694	8,695,671	19,768,759	8,040,999	8,417,262	8,693,209	8,768,081
Restricted	81,211	26,491	1,708,420	104,355	501,350	6,098,093	7,393,396	8,283,302	8,342,783	9,465,074
Unrestricted	(2,775,512)	(3,919,716)	(5,449,789)	(5,025,182)	(3,248,442)	(4,562,794)	(4,462,950)	(4,246,702)	(4,878,582)	(5,958,393)
Total governmental activities net position	4,594,499	4,277,066	1,635,192	3,765,867	5,948,579	21,304,058	10,971,445	12,453,862	12,157,410	12,274,762
Business-type activities										
Net investment in capital assets	286,989	264,520	290,695	274,464	257,926	212,338	168,986	147,804	256,944	316,848
Unrestricted	199,334	187,577	291,602	258,018	307,763	438,281	611,144	710,498	690,714	622,398
Total business-type activities net position	486,323	452,097	582,297	532,482	565,689	650,619	780,130	858,302	947,658	939,246
District-wide										
Net investment in capital assets	7,575,789	8,434,811	5,667,256	8,961,158	8,953,597	19,981,097	8,209,985	8,565,066	8,950,153	9,084,929
Restricted	81,211	26,491	1,708,420	104,355	501,350	6,098,093	7,393,396	8,283,302	8,342,783	9,465,074
Unrestricted	(2,576,178)	(3,732,139)	(5,158,187)	(4,767,164)	(2,940,679)	(4,124,513)	(3,851,806)	(3,536,204)	(4,187,868)	(5,335,995)
Total district net position	5,080,822	4,729,163	2,217,489	4,298,349	6,514,268	21,954,677	11,751,575	13,312,164	13,105,068	13,214,008

Source: CAFR Schedule A-1

TOWN OF HAMMONTON SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	15,842,897	16,287,798	18,343,345	17,826,984	19,897,236	20,399,302	21,833,680	21,995,805	22,343,706	23,104,424
Special education	2,725,604	3,336,335	3,465,175	3,895,199	3,515,516	3,616,097	3,685,328	3,776,332	4,146,570	4,471,670
Other instruction	783,862	769,597	1,020,856	1,032,040	1,064,603	1,237,852	1,338,591	1,126,267	1,450,845	1,579,809
Support Services:										
Tuition	1,335,375	1,012,112	497,036	657,085	783,618	689,630	627,344	820,226	1,349,883	1,631,360
Student & instruction related services	3,567,119	3,771,839	4,706,695	4,191,705	4,723,057	4,896,573	5,467,848	5,065,316	5,688,499	6,446,175
General administrative services	940,462	875,809	798,109	908,488	971,266	1,060,889	970,211	872,481	810,159	799,956
School administrative services	1,826,194	1,919,068	1,853,699	2,486,401	2,947,349	2,635,498	2,928,115	2,652,668	2,555,242	2,551,495
Business administrative services	594,284	1,853,622	1,870,688	1,159,896	1,161,158	1,294,613	1,175,899	870,618	968,567	1,016,998
Plant operations and maintenance	3,007,972	3,435,967	3,376,479	3,219,932	3,515,188	4,464,788	4,419,129	4,639,128	4,214,054	3,950,396
Pupil transportation	1,428,715	1,286,976	1,701,429	1,067,345	1,856,207	1,899,215	1,939,813	1,919,705	2,095,802	2,179,395
Capital Outlay	250,000									
Interest on long-term debt	1,951,180	633,543	955,730	1,439,113	1,031,095	984,436	978,539	1,303,565	1,242,891	1,200,898
Unallocated depreciation	96,984	97,402	-	-						
Total governmental activities expenses	<u>34,350,648</u>	<u>35,280,068</u>	<u>38,589,241</u>	<u>37,884,188</u>	<u>41,466,293</u>	<u>43,178,893</u>	<u>45,364,497</u>	<u>45,042,111</u>	<u>46,866,218</u>	<u>48,932,576</u>
Business-type activities:										
Food service	918,751	1,014,823	1,016,873	1,243,655	1,154,383	1,217,002	1,263,475	1,328,841	1,401,364	1,521,362
Child Care	127,768	132,900	63,271	63,514	80,793	69,604	87,504	101,050	88,896	99,632
Total business-type activities expense	<u>1,046,519</u>	<u>1,147,723</u>	<u>1,080,144</u>	<u>1,307,169</u>	<u>1,235,176</u>	<u>1,286,606</u>	<u>1,350,979</u>	<u>1,429,891</u>	<u>1,490,260</u>	<u>1,620,994</u>
Total district expenses	<u>35,397,167</u>	<u>36,427,791</u>	<u>39,669,385</u>	<u>39,191,357</u>	<u>42,701,469</u>	<u>44,465,499</u>	<u>46,715,476</u>	<u>46,472,002</u>	<u>48,356,478</u>	<u>50,553,570</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition										10,031,406
Transportation fees from other LEA's										106,688
Operating grants and contributions	5,216,201	5,611,866	6,002,675	7,211,854	7,729,233	4,879,173	5,484,198	5,474,420	6,026,604	6,692,741
Capital grants and contributions										
Total governmental activities program revenues	<u>5,216,201</u>	<u>5,611,866</u>	<u>6,002,675</u>	<u>7,211,854</u>	<u>7,729,233</u>	<u>4,879,173</u>	<u>5,484,198</u>	<u>5,474,420</u>	<u>6,026,604</u>	<u>16,830,835</u>
Business-type activities:										
Charges for services										
Food service	615,213	618,046	680,439	717,065	704,928	737,605	775,789	762,141	731,502	711,676
Child care	124,740	120,148	95,027	109,467	90,284	95,832	85,874	86,676	95,865	108,506
Operating grants and contributions	346,901	368,528	421,445	416,430	462,285	534,146	612,206	649,340	741,431	789,090
Capital grants and contributions										
Total business type activities program revenues	<u>1,086,854</u>	<u>1,106,722</u>	<u>1,196,911</u>	<u>1,242,962</u>	<u>1,257,497</u>	<u>1,367,583</u>	<u>1,473,869</u>	<u>1,498,157</u>	<u>1,568,798</u>	<u>1,609,272</u>
Total district program revenues	<u>6,303,055</u>	<u>6,718,588</u>	<u>7,199,586</u>	<u>8,454,816</u>	<u>8,986,729</u>	<u>6,246,756</u>	<u>6,958,067</u>	<u>6,972,577</u>	<u>7,595,402</u>	<u>18,440,107</u>
Net (Expense)/Revenue										
Governmental activities	(29,134,447)	(29,668,202)	(32,586,566)	(30,672,334)	(33,737,060)	(38,299,720)	(39,880,299)	(39,567,691)	(40,839,614)	(32,101,741)
Business-type activities	40,335	(41,001)	116,767	(64,207)	22,321	80,977	122,890	68,266	78,538	(11,722)

TOWN OF HAMMONTON SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total district-wide net expense	<u>(29,094,112)</u>	<u>(29,709,203)</u>	<u>(32,469,799)</u>	<u>(30,736,541)</u>	<u>(33,714,740)</u>	<u>(38,218,743)</u>	<u>(39,757,409)</u>	<u>(39,499,425)</u>	<u>(40,761,076)</u>	<u>(32,113,463)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	10,832,490	12,187,484	13,457,287	14,521,766	15,286,742	15,551,044	15,754,380	15,873,706	15,868,258	16,147,974
Taxes levied for debt service	1,326,184	1,426,713	1,424,331	1,531,726	1,355,828	1,472,365	1,457,168	1,457,168	1,457,168	1,498,206
Unrestricted grants and contributions	6,885,518	7,460,826	7,222,920	7,301,497	9,018,736	11,953,996	12,612,680	11,993,921	13,328,842	14,349,088
Tuition Received	8,458,423	8,147,795	7,581,076	6,734,504	9,673,374	10,332,988	10,935,928	11,004,932	10,763,744	
Authorized bond proceeds						13,680,341	(11,800,000)		(1,380,341)	
Transportation fees from other LEA's	-	-	96,898	-	372,546	374,232	268,006	108,608	65,528	
Premium on BANS							86,725			
Investment earnings	19,337	38,461	90,020	176,431	104,908	29,673	82,818	136,986	122,949	36,456
Miscellaneous income	33,971	89,490	72,160	1,568,078	107,638	555,375	148,088	474,787	169,439	184,997
Canceled accounts payable prior year							1,913		361,812	2,372
Prior year tuition adjustment						(294,815)				
Prior year depreciation adjustment				968,961	-					
Total governmental activities	<u>27,555,923</u>	<u>29,350,769</u>	<u>29,944,692</u>	<u>32,802,963</u>	<u>35,919,772</u>	<u>53,655,199</u>	<u>29,547,686</u>	<u>41,050,108</u>	<u>40,757,399</u>	<u>32,219,093</u>
Business-type activities:										
Investment earnings	2,012	6,775	13,433	14,392	10,886	3,953	6,621	9,906	10,943	3,310
Transfers										
Total business-type activities	<u>2,012</u>	<u>6,775</u>	<u>13,433</u>	<u>14,392</u>	<u>10,886</u>	<u>3,953</u>	<u>6,621</u>	<u>9,906</u>	<u>10,943</u>	<u>3,310</u>
Total district-wide	<u>27,557,935</u>	<u>29,357,544</u>	<u>29,958,125</u>	<u>32,817,355</u>	<u>35,930,658</u>	<u>53,659,152</u>	<u>29,554,307</u>	<u>41,060,014</u>	<u>40,768,342</u>	<u>32,222,403</u>
Change in Net Position										
Governmental activities	(1,578,524)	(317,433)	(2,641,874)	2,130,629	2,182,712	15,355,479	(10,332,613)	1,482,417	(82,215)	117,352
Business-type activities	42,347	(34,226)	130,200	(49,815)	33,207	84,930	129,511	78,172	89,481	(8,412)
Total district	<u>(1,536,177)</u>	<u>(351,659)</u>	<u>(2,511,674)</u>	<u>2,080,814</u>	<u>2,215,919</u>	<u>15,440,409</u>	<u>(10,203,102)</u>	<u>1,560,589</u>	<u>7,266</u>	<u>108,940</u>

Source: CAFR Schedule A-2

TOWN OF HAMMONTON SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted								6,571,595	8,019,117	8,080,045
Assigned										1,057,814
Committed								379,814	195,926	82,586
Unassigned								(361,174)	(709,662)	(994,931)
Reserved	15,570	57,506	1,147	48,638	623,123	3,884,621	5,706,667			
Unreserved	(129,824)	(796,362)	(2,527,337)	(1,475,707)	318,301	(775,524)	(609,351)			
Total general fund	<u>(114,254)</u>	<u>(738,856)</u>	<u>(2,526,190)</u>	<u>(1,427,069)</u>	<u>941,424</u>	<u>3,109,097</u>	<u>5,097,316</u>	<u>6,590,235</u>	<u>7,505,381</u>	<u>8,225,514</u>
All Other Governmental Funds										
Restricted								1,697,081	161,833	139,902
Committed								14,626		
Unassigned								(48,032)	134,027	
Reserved	65,641	43,839	1,707,273	257,409	72,632	2,232,790	1,737,244			
Unreserved, reported in:										
Special revenue fund	(89,166)	(89,166)	(89,166)	(89,166)	(110,054)	(45,752)	(46,531)			
Debt service fund	18,495	(9,717)	18,835	34,288	53,763					
Total all other governmental funds	<u>(5,030)</u>	<u>(55,044)</u>	<u>1,636,942</u>	<u>202,531</u>	<u>16,341</u>	<u>2,187,038</u>	<u>1,690,713</u>	<u>1,663,675</u>	<u>295,860</u>	<u>139,902</u>

Source: CAFR Schedule B-1

TOWN OF HAMMONTON SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

J-4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax levy	12,158,674	13,614,197	14,881,618	16,053,492	16,642,570	17,023,409	17,211,528	17,330,874	17,325,426	17,646,180
Tuition charges	8,458,423	8,147,795	7,581,076	6,734,504	9,673,374	10,332,988	10,935,928	11,004,932	10,763,744	10,031,406
Transportation fees from other LEA's			96,898		372,546		268,006	108,608	65,528	106,688
Authorized bond proceeds						13,680,341				
Premium on BANS							86,725			
Interest earnings	19,337	38,461	90,020	176,431	104,908	29,673	82,818	136,986	122,949	36,456
Miscellaneous	34,772	89,490	72,160	1,568,078	107,638	555,375	148,088	474,787	169,439	184,997
Local sources						845	15,090	24,821	30,732	39,102
State sources	10,820,115	11,616,328	11,775,958	12,999,729	15,296,007	15,495,103	14,066,255	15,324,843	17,153,603	19,234,007
Federal sources	1,280,934	1,456,364	1,449,637	1,513,622	1,451,962	1,337,221	4,015,534	2,118,677	2,171,111	1,768,721
Total revenue	32,772,255	34,962,635	35,947,367	39,045,856	43,649,005	58,829,187	46,829,972	46,524,528	47,802,532	49,047,557
Expenditures										
Instruction										
Regular instruction	11,053,740	12,155,534	13,578,326	13,632,222	14,263,014	14,514,741	15,737,602	16,000,702	15,953,026	15,988,102
Special education instruction	2,054,334	2,346,714	2,397,677	2,641,398	2,411,048	2,715,445	2,768,922	2,775,736	2,991,466	3,114,831
Other instruction	623,794	610,208	755,111	737,417	789,801	917,775	984,650	832,708	1,034,059	1,086,932
Support Services:										
Tuition	1,085,108	739,690	343,318	444,086	530,869	480,244	430,965	562,886	907,174	1,064,516
Student & instruction related services	2,786,728	2,857,850	3,432,870	3,012,741	3,454,749	3,855,442	4,288,327	3,987,763	4,508,703	5,019,181
General administrative services	681,934	606,880	705,599	803,757	858,373	940,582	838,312	751,321	683,650	659,991
School Administrative services	1,417,330	1,439,817	1,335,520	1,742,670	2,048,926	1,884,748	2,055,120	1,862,916	1,769,602	1,707,374
Plant operations and maintenance	2,427,919	2,805,954	2,942,269	2,844,734	3,096,687	3,981,895	3,868,452	3,143,460	3,319,292	3,172,144
Pupil transportation	1,209,841	1,092,639	1,397,610	844,777	1,428,176	1,480,764	1,571,381	1,576,219	1,720,327	1,738,395
Business administrative services	511,688	1,718,256	1,674,694	936,446	916,767	1,044,682	907,958	654,854	715,728	722,338
Unallocated employee benefits	6,245,165	7,307,014	7,626,474	8,526,050	9,270,248	8,526,385	9,598,768	9,348,170	10,440,306	11,260,668
Capital outlay	1,579,184	509,985	1,018,824	1,791,581	1,240,699	12,198,110	983,768	1,303,782	725,012	484,015
Debt service:										
Principal	368,953	424,953	444,953	464,853	624,953	649,953	643,953	1,270,000	1,205,000	1,235,000
Interest and other charges	1,039,095	1,021,757	1,003,470	986,860	1,032,392	1,005,236	976,798	1,139,830	1,263,417	1,222,267
Total expenditures	33,084,813	35,637,251	38,656,715	39,409,692	41,966,702	54,196,002	45,654,994	45,210,347	47,236,672	48,485,754
Excess (Deficiency) of revenues over (under) expenditures	(312,558)	(674,616)	(2,709,348)	(363,836)	1,682,303	4,633,185	1,174,978	1,314,181	565,860	561,803
Other Financing sources (uses)										
Prior year tuition adjustment						(294,815)				
Canceled accounts payable prior year							1,913		361,812	2,372
Canceled bond proceeds									(1,380,341)	
Capital leases (non-budgeted)				28,500			315,003	151,700		
Increase in Maintenance Reserve					500,000					
Bond proceeds			2,614,000							
Transfers in	1,565	4,683	28,552	84,287	92,107		93,176	818,799	724,837	413,100
Transfers out	(1,565)	(4,683)	(28,552)	(84,287)	(92,107)		(93,176)	(818,799)	(724,837)	(413,100)
Total other financing sources (uses)	-	-	2,614,000	28,500	500,000	(294,815)	315,916	151,700	(1,018,529)	2,372
Net change in fund balances	(312,558)	(674,616)	(95,348)	(335,336)	2,182,303	4,338,370	1,491,894	1,465,881	(452,669)	564,175
Debt service as a percentage of noncapital expenditures	4.47%	4.12%	3.85%	3.86%	4.07%	3.94%	3.63%	5.49%	5.31%	5.12%

Source: CAFR Schedule B-2

TOWN OF HAMMONTON SCHOOL DISTRICT
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Transportation Fees from other LEA's</u>	<u>Misc.</u>	<u>Total</u>
2004	17,772	8,458,423		34,102	8,510,297
2005	38,461	8,147,795		89,490	8,275,746
2006	90,020	7,581,076	96,898	72,160	7,840,154
2007	176,431	6,734,504		1,568,078	8,479,013
2008	104,908	9,673,374	372,546	107,638	10,258,466
2009	29,673	10,332,988	374,232	556,220	11,293,113
2010	82,818	10,935,928	268,006	148,088	11,434,840
2011	136,986	11,004,932	108,608	474,787	11,725,313
2012	120,451	10,763,744	65,528	169,439	11,119,162
2013	36,456	10,031,406	106,688	184,997	10,359,547

Source: District Records

TOWN OF HAMMONTON SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

J-8

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate a	Estimated Actual (County Equalized Value)
2004	27,054,400	500,554,400	22,584,100	5,867,000	142,115,200	21,001,100	7,692,700	726,868,900	7,442,300	6,133,153	725,559,753	1.876	825,343,821
2005	23,939,500	533,381,500	22,279,600	5,764,500	142,374,700	21,007,300	7,708,100	756,455,200	5,254,100	5,426,724	756,627,824	1.967	924,294,923
2006	21,518,400	567,908,100	22,690,900	5,980,700	140,103,800	21,031,700	7,708,100	786,941,700	3,573,400	4,280,750	787,649,050	2.038	1,162,989,293
2007	19,674,500	590,584,400	23,686,300	5,889,800	145,483,600	21,031,700	7,732,900	814,083,200	1,332,300	3,778,874	816,529,774	2.039	1,363,394,393
2008	19,334,600	607,801,900	23,043,600	5,842,900	147,236,700	23,512,800	7,732,900	834,505,400	2,879,100	3,605,816	835,232,116	2.038	1,493,581,717
2009	18,665,200	614,622,900	23,667,400	5,821,900	153,108,200	20,219,400	7,732,900	843,837,900	2,686,000	3,310,989	844,462,889	2.038	1,560,289,186
2010	18,359,200	617,744,600	23,051,900	5,877,300	156,430,100	20,219,400	7,732,900	849,415,400	2,592,500	3,490,780	850,313,680	2.038	1,485,264,070
2011	18,128,500	620,302,800	21,771,600	5,726,000	156,236,500	20,290,700	7,732,900	849,189,000	2,228,800	3,086,138	850,045,338	2.038	1,528,585,395
2012	17,929,300	621,441,600	22,363,700	5,689,800	179,267,900	13,320,200	7,608,200	867,620,700	928,900	3,328,262	870,020,062	2.028	1,411,600,333
2013	17,881,600	626,431,400	23,053,000	5,587,700	176,415,800	13,320,200	7,608,200	870,297,900	525,700	2,934,449	872,706,649	2.028	1,386,195,699

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

TOWN OF HAMMONTON SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Rate per \$100 of Assessed Value
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Town of Hammonton Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Town of Hammon- ton	Atlantic County	
2004	1.680	0.197	1.876	0.740	0.510	3.126
2005	1.779	0.188	1.967	0.740	0.510	3.217
2006	1.844	0.194	2.038	0.751	0.539	3.328
2007	1.873	0.166	2.039	0.755	0.513	3.307
2008	1.872	0.166	2.038	0.760	0.519	3.317
2009	1.865	0.173	2.038	0.761	0.559	3.358
2010	1.867	0.171	2.038	0.765	0.562	3.365
2011	1.867	0.171	2.038	0.769	0.656	3.463
2012	1.856	0.172	2.028	0.825	0.628	3.481
2013	1.856	0.172	2.028	0.875	0.746	3.649

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

TOWN OF HAMMONTON
Principal Property Tax Payers,
Current Year and Nine Years Ago
Unaudited

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
NJ Manufacturers Insurance Company	15,500,000	1	1.78%			
Kramer Beverage RE LLC	6,500,000	2	0.74%			
999 Grabd St. LLC	6,500,000	3	0.74%			
Atlantic Heath Land Holdings LLC	6,200,000	4	0.71%			
Rt 206 Inc.	6,065,300	5	0.69%			
Copper Atlantic Commerce Holdings	5,259,600	6	0.60%			
Hammonton Realty Associates LLC	5,186,100	7	0.59%			
Wal-Mart RE Bus Trst	4,764,700	8	0.55%			
Peachtree LLC	3,440,600	9	0.39%			
Kessler Mangement LLC	3,320,500	10	0.38%			
Zirbser - Greenbriar Inc				6,601,600	1	0.91%
999 Grand Ave Assoc				6,500,000	2	0.90%
Bell Atlantic Property Tax Dept.				6,133,153	3	0.85%
Rt 206 Inc				5,614,000	4	0.77%
The TSG Grat #1, LLC				5,186,100	5	0.71%
1001 Grand Ave Assoc, LP				4,673,700	6	0.64%
Wal-mart RE Bus. Trust				4,553,200	7	0.63%
Peachtree LLC				3,353,100	8	0.46%
Rucha Corp				2,429,700	9	0.33%
Vision Properties				2,224,200	10	0.31%
Total	<u>62,736,800</u>		<u>7.19%</u>	<u>47,268,753</u>		<u>6.52%</u>

Source: District CAFR & Municipal Tax Assessor
District Total Taxable Value

TOWN OF HAMMONTON
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	12,158,674	12,158,674	100%	
2005	13,614,197	13,614,197	100%	
2006	14,881,618	14,881,618	100%	
2007	16,053,492	16,053,492	100%	
2008	16,642,570	16,642,570	100%	
2009	17,023,409	17,023,409	100%	
2010	17,211,528	17,211,528	100%	
2011	17,330,874	17,330,874	100%	
2012	17,325,426	17,325,426	100%	
2013	17,646,180	17,646,180	100%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, which is the amount voted upon or certified prior to the end of the school year.

TOWN OF HAMMONTON SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2004	21,519,718		5,338,330			26,858,048	0.128%	34,442
2005	21,094,765		3,905,935			25,000,700	0.142%	35,552
2006	23,263,812		2,483,303			25,747,115	0.143%	36,874
2007	23,287,859		1,246,554			24,534,413	0.156%	38,351
2008	22,662,906		372,816			23,035,722	0.171%	39,370
2009	22,012,953		125,214			22,138,167	0.172%	38,175
2010	33,314,000		341,965	7,100,000		40,755,965	0.098%	39,746
2011	32,544,000		353,143			32,897,143	0.122%	40,262
2012	31,339,000		238,429			31,577,429	0.128%	40,262
2013	30,104,000		146,484			30,250,484	0.133%	40,262

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- ^a See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- ^b Includes Early Retirement Incentive Plan (ERIP) refunding. Also includes funds in the amount of \$6,600,000 used to retire Bond Anticipation Notes.

TOWN OF HAMMONTON
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value ^a of Property</u>	<u>Per Capita ^b</u>
2004	21,256,000		21,256,000	2.93%	1,647
2005	20,881,000		20,881,000	2.76%	1,588
2006	23,100,000		23,100,000	2.93%	1,718
2007	23,174,000		23,174,000	2.84%	1,721
2008	22,599,000		22,599,000	2.71%	1,679
2009	21,999,000		21,999,000	2.61%	1,639
2010	33,314,000		33,314,000	3.92%	2,480
2011	32,544,000		32,544,000	3.83%	2,199
2012	31,339,000		31,339,000	3.60%	2,121
2013	30,104,000		30,104,000	3.45%	2,041

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data.

b Population data can be found in Exhibit J-14.

TOWN OF HAMMONTON
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2012
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Town of Hammonton	16,878,211	100.00%	16,878,211
Other debt			
Atlantic County	139,967,635	3.02%	<u>4,227,023</u>
Subtotal, overlapping debt			21,105,234
Town of Hammonton School District Direct Debt		100.00%	<u>30,250,484</u>
Total direct and overlapping debt			<u><u>51,355,718</u></u>

Sources: Town of Hammonton Finance Officer, Atlantic County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Hammonton. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

TOWN OF HAMMONTON SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

J-13

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized valuation basis	
	2012	1,387,021,767
	2011	1,411,800,333
	2010	1,522,788,887
	[A]	<u>4,301,410,987</u>
Average equalized valuation of taxable property	[A/3]	1,433,803,662
Debt limit (4 % of average equalization value)	[B]	57,352,146 ^a
Net bonded school debt	[C]	<u>30,104,000</u>
Legal debt margin	[B-C]	<u>27,248,146</u>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	28,654,197	31,437,254	36,632,790	31,904,554	51,366,979	57,358,013	59,620,835	60,462,261	58,715,336	57,352,146
Total net debt applicable to limit	<u>21,256,000</u>	<u>20,881,000</u>	<u>23,100,000</u>	<u>23,174,000</u>	<u>22,599,000</u>	<u>21,999,000</u>	<u>33,314,000</u>	<u>32,544,000</u>	<u>31,339,000</u>	<u>30,104,000</u>
Legal debt margin	<u>7,398,197</u>	<u>10,556,254</u>	<u>13,532,790</u>	<u>8,730,554</u>	<u>28,767,979</u>	<u>35,359,013</u>	<u>26,306,835</u>	<u>27,918,261</u>	<u>27,376,336</u>	<u>27,248,146</u>
Total net debt applicable to the limit as a percentage of debt limit	74.18%	66.42%	63.06%	72.64%	44.00%	38.35%	55.88%	53.83%	53.37%	52.49%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

TOWN OF HAMMONTON SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2004	12,906	444,508	34,442	5.10%
2005	13,147	467,402	35,552	6.50%
2006	13,448	495,882	36,874	6.50%
2007	13,464	516,358	38,351	7.20%
2008	13,463	530,038	39,370	7.20%
2009	13,420	512,309	38,175	8.90%
2010	13,433	533,908	39,746	15.60%
2011	14,797	595,757	40,262	16.00%
2012	14,779	595,032	40,262	16.20%
2013	14,751	593,905	40,262	16.80%

Source:

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income is calculated by multiplying per capita income by the population

b Per Capita Income US Department of Commerce, Bureau of Economic Analysis

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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TOWN OF HAMMONTON SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	170.0	186.6	186.6	202.0	206.0	213.0	213.0	208.0	203.6	191.0
Special education	47.0	48.8	48.8	64.0	81.0	95.0	96.0	86.0	62.0	66.0
Other special education									13.0	9.0
Vocational	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
Support Services:										
Tuition										
Student & instruction related services	43.0	43.0	57.0	49.5	36.0	42.0	45.0	42.0	65.4	83.0
General administrative services	4.0	4.0	4.5	4.0	4.0	6.5	6.0	4.8	3.0	3.0
School administrative services	23.0	23.0	22.5	22.5	31.0	32.5	33.0	24.0	24.5	24.5
Business administrative services	9.0	10.0	11.0	9.0	9.0	11.5	10.0	8.0	9.0	10.0
Plant operations and maintenance	33.5	33.5	33.5	28.0	42.5	47.5	45.5	44.0	44.6	44.2
Pupil transportation	50.0	50.0	50.0	37.0	37.5	36.5	41.0	39.0	40.0	42.0
Food Service	17	17	17	18	17	18.5	19.5	19.5	19.0	19.0
Child Care	1	1	1	1	1	4	4	4	4.0	4.0
Total	399	418	433	436	466	508	514	481	490	498

Source: District Personnel Records

TOWN OF HAMMONTON SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

J-17

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2004	3,254	32,149,468	9,880	-0.85%	218	1:21	1:13	1:11	3,241	3,035	4.11%	93.64%
2005	3,305	34,646,525	10,483	6.10%	236	1:15	1:12	1:14	3,301	3,069	1.85%	92.97%
2006	3,362	37,633,511	11,194	6.78%	236	1:15	1:12	1:14	3,367	3,133	2.00%	93.05%
2007	3,284	36,445,075	11,098	-0.86%	267	1:15	1:12	1:14	3,294	3,071	-2.16%	93.22%
2008	3,266	40,435,198	12,381	11.56%	288	1:15	1:12	1:14	3,265	3,057	-0.89%	93.63%
2009	3,395	42,194,457	12,428	0.39%	309	1:15	1:12	1:14	3,362	3,143	2.97%	93.49%
2010	3,434	44,385,958	12,925	4.00%	310	1:15	1:12	1:14	3,420	3,179	1.73%	92.95%
2011	3,551	43,738,546	12,317	-4.70%	296	1:15	1:12	1:14	3,521	3,280	2.95%	93.16%
2012	3,567	45,636,878	12,794	3.87%	281	1:15	1:12	1:14	3,540	3,312	0.54%	93.56%
2013	3,605	47,731,678	13,240	3.49%	268	1:15	1:12	1:14	3,595	3,352	1.55%	93.24%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Enrollment is based on the annual October district count.
- b Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-2
- c Teaching staff includes only full-time equivalents of certificated staff.
- d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

TOWN OF HAMMONTON SCHOOL DISTRICT
School Building Information
Last Eight Fiscal Years
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>								
<u>Early Childhood Learning Center</u>								
(2001)								
Square Feet	35,365	35,365	35,365	35,365	35,365	35,365	35,365	35,365
Capacity (students)	500	500	500	500	500	500	500	500
Enrollment	492	497	499	418	432	451	408	413
<u>Elementary</u>								
(1973)								
Square Feet	97,240	97,240	97,240	97,240	97,240	97,240	97,240	97,240
Capacity (students)	1,464	1,464	1,464	1,464	1,464	1,464	1,464	1,464
Enrollment	875	846	648	809	840	873	907	933
<u>Middle School</u>								
(1965)								
Square Feet	109,950	109,950	109,950	109,950	109,950	109,950	109,950	109,950
Capacity (students)	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Enrollment	643	648	816	849	827	811	823	816
<u>High School</u>								
(2002)								
Square Feet	190,641	190,641	190,641	190,641	190,641	190,641	190,641	190,641
Capacity (students)	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Enrollment	1,355	1,293	1,303	1,319	1,335	1,415	1,427	1,443
<u>Other</u>								
Transportation								
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Number of Schools at June 30, 2013

Early Learning Center = 1
Elementary = 1
Middle School = 1
High School = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

Information for years 2004 and 2005 was not available.

TOWN OF HAMMONTON SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
High School	SP99341L	73,057	139,242	111,121	99,644	134,785	330,661	147,195	286,799	187,754	170,105
Middle School	N/A	42,134	80,305	65,948	59,132	79,985	196,224	94,181	110,111	278,713	200,192
Elementary School	N/A	35,347	67,370	55,171	49,470	66,916	164,161	56,446	74,101	92,894	61,900
Early Childhood Center	SP99343	13,553	25,831	21,298	19,097	25,832	63,370	37,553	38,188	54,277	40,744
Total School Facilities		<u>164,091</u>	<u>312,748</u>	<u>253,538</u>	<u>227,342</u>	<u>307,518</u>	<u>754,416</u>	<u>335,375</u>	<u>509,199</u>	<u>613,638</u>	<u>472,941</u>
Other Facilities											
Grand Total		<u>164,091</u>	<u>312,748</u>	<u>253,538</u>	<u>227,342</u>	<u>307,518</u>	<u>754,416</u>	<u>335,375</u>	<u>509,199</u>	<u>613,638</u>	<u>472,941</u>

TOWN OF HAMMONTON SCHOOL DISTRICT**Insurance Schedule****June 30, 2013****Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Assoc. Insurance Group -		
Cape May Atlantic Insurance Pool		
Property Package	118,113,952	5,000
Environmental Package	1,000,000	10,000
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Business Income/Tuition	10,700,000	5,000
EDP	500,000	1,000
Equipment Breakdown	100,000,000	5,000
General Liability	11,000,000	
Automobile Liability	11,000,000	
Auto Phys. Damage	ACV Basis	1,000
Workers' Compensation and Supplemental Indemnity		
Workers' Compensation Part #1	Statutory	
Employers' Liability Part #2		
Each Accident/Each Employee/Limit by Disease	2,000,000	
School Leaders Errors and Omissions Liability		
Coverage A	6,000,000	5,000
Coverage B	100,000/300,000	5,000
Surety Bond - RLI Insurance Company		
Business Administrator - Barbara S. Prettyman	25,000	

Source: District Records.

Single Audit Section

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November 4, 2013

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Town of Hammonton School District
County of Atlantic, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2013, which collectively comprise the Board of Education of the Town of Hammonton's basic financial statements and have issued our report thereon dated November 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Hammonton Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hammonton Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Hammonton Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hammonton Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. We did, however, note one immaterial instance of noncompliance that we have reported to the Hammonton Board of Education in the separate Auditor's Management Report on Administrative Findings-Financial, Compliance and Performance dated November 4, 2013 and labeled Finding 2013-2.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, the Town of Hammonton Board of Education, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

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November 4, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF AWARDS REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Town of Hammonton School District
County of Atlantic, New Jersey

Report on Compliance for each Major Program

We have audited the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2013. The Town of Hammonton Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the Town of Hammonton Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Town of Hammonton Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Hammonton Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Board of Education of the Town of Hammonton School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Town of Hammonton Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Hammonton Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance requirement with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiency in internal control over compliance that we consider to be a material weakness, as defined above. We did, however, note one instance of noncompliance that we have reported to the Hammonton Board of Education in the separate Auditor's Management Report on Administrative Findings-Financial, Compliance and Performance dated November 4, 2013 and labeled Finding 2013-1.

This report is intended for the information and use of the audit committee, management, the Town of Hammonton Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

TOWN OF HAMMONTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/12	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments for Prior Year Cancelled Encumbrances	Unearned Revenue 6/30/13	(Accounts Receivable) 6/30/13	Due to Grantor at 6/30/13
U.S. Department of Education												
General Fund:												
Education Jobs Fund	84.410A	ARRA	1,136	07/01/12-09/30/12				(1,136)			(1,136)	
Education Jobs Fund	84.410A	ARRA	385,132	08/10/10-09/30/12	(10,946)		10,946					
Medical Assistance Program	93.778	N/A	57,852	07/01/12-06/30/13			50,473	(50,473)			0	
Medical Assistance Program	93.778	N/A	59,245	07/01/11-06/30/12	(18,691)		18,691					
Total General Fund					(29,637)	0	80,110	(51,609)	0	0	(1,136)	0
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
Food Distribution Program	10.565	N/A	\$76,719	07/01/12-06/30/13		1,232	69,572	(70,083)		721		
Food Distribution Program	10.565	N/A	76,719	07/01/11-06/30/12	\$1,232	(1,232)						
National School Lunch Program	10.555	N/A	685,469	07/01/12-06/30/13			582,754	(585,469)			(22,715)	
National School Lunch Program	10.555	N/A	538,111	07/01/11-06/30/12	(5,376)		5,376					
School Snack Program	10.555	N/A	1,004	07/01/12-06/30/13			1,004	(1,004)				
School Snack Program	10.555	N/A	1,072	07/01/11-06/30/12								
School Breakfast Program	10.553	N/A	115,385	07/01/12-06/30/13			110,376	(115,385)			(5,009)	
School Breakfast Program	10.553	N/A	107,971	07/01/11-06/30/12	(2,061)		2061					
Total Enterprise Fund					(6,205)	0	751,143	(771,941)	0	721	(27,724)	0
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
No Child Left Behind (N.C.L.B.):												
Title I	84.010	NCLB-1960-13	832,744	09/01/12-08/31/13			428,908	(588,472)			(159,564)	
Title I, Carryover	84.010	NCLB-1960-12	730,855	09/01/11-08/31/12	(605,586)		804,346	(216,249)			(17,489)	
Title I, Carryover	84.010	NCLB-1960-11	658,655	09/01/10-08/31/11	(45,459)		45,459					
Title II, Part A	84.367	NCLB-1960-13	74,411	09/01/12-08/31/13			54,690	(71,827)			(17,137)	
Title II, Part A, Carryover	84.367	NCLB-1960-12	82,952	09/01/11-08/31/12	(78,555)		82,952	(4,397)				
Title II, Part A, Carryover	84.367	NCLB-1960-11	95,918	09/01/10-08/31/11	(6,487)		6,487					
Title II, Part D, Carryover	84.318	NCLB-1960-11	1,734	09/01/10-08/31/11	(536)		536					
Title III, English Lang Enhancement	84.365A	NCLB-1960-13	59,015	09/01/12-08/31/13			46,998	(54,390)			(7,392)	
Title III, Eng Lang Enhance, Carryover	84.365A	NCLB-1960-12	62,384	09/01/11-08/31/12	(57,017)		62,279	(5,347)			(85)	
Title III, Eng Lang Enhance, Carryover	84.365A	NCLB-1960-11	54,381	09/01/10-08/31/11	(28,471)		28,471					
IDEA Part B, Basic Regular	84.027A	IDEA-1960-13	651,427	09/01/12-08/31/13			551,846	(934,933)			(83,087)	
IDEA Part B, Basic Reg, Carryover	84.027A	IDEA-1960-12	673,440	09/01/11-08/31/12	(165,982)		217,169	(31,187)			(3,778)	
IDEA Part B, Preschool	84.173	IDEA-1960-13	22,771	09/01/12-08/31/13			18,438	(22,216)			(18,397)	
Carl D. Perkins, Secondary	84.046	PERK-1960-13	38,341	07/01/12-06/30/13			17,944	(36,341)				
Carl D. Perkins, Secondary	84.046	PERK-1960-12	50,982	07/01/11-06/30/12	(23,031)		23,031					
Race to the Top-Phase 3	84.413A	RTTT-1960-13	59,205	07/01/12-11/30/15			12,820	(54,472)			(41,652)	
Total Special Revenue Fund					(1,031,124)	0	2,402,374	(1,719,831)	-	0	(348,581)	0
Total Federal Financial Assistance					(1,066,966)	0	3,233,627	(2,543,381)	-	721	(377,441)	0

The Accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

TOWN OF HAMMONTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/12	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments for Prior Year Cancelled Encumbrances	Balance at June 30, 2013			MFMU	
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Equalization Aid	13-495-034-5120-078	\$11,277,452	07/01/12-06/30/13			11,277,452	(11,277,452)					1,064,250	11,277,452
Special Education Aid	13-495-034-5120-089	1,359,560	07/01/12-06/30/13			1,359,560	(1,359,560)					128,301	1,359,560
School Choice Aid	13-495-034-5120-068	1,027,985	07/01/12-06/30/13			1,027,985	(1,027,985)					97,011	1,027,985
Special Education Extraordinary Aid	13-100-034-5120-473	154,367	07/01/12-06/30/13				(154,367)		(154,367)				154,367
Special Education Extraordinary Aid	12-100-034-5120-473	143,426	07/01/11-06/30/12	(\$143,426)		143,426							
Nonpublic Transportation Aid	13-495-034-5120-014	2,958	07/01/12-06/30/13				(2,958)		(2,958)				2,958
Nonpublic Transportation Aid	12-495-034-5120-014	5,046	07/01/11-06/30/12	(5,046)		5,046							
Transportation Aid	13-495-034-5120-014	116,076	07/01/12-06/30/13			116,076	(116,076)					10,954	116,076
Security Aid	13-495-034-5120-084	119,246	07/01/12-06/30/13			119,246	(119,246)					11,253	
On-Behalf TPAF Non-Contributory Insurance	13-495-034-5095-005	1,249,268	07/01/12-06/30/13			1,249,268	(1,249,268)						1,249,268
On-Behalf TPAF Pension Contributions													
Post Retirement Medical	13-495-034-5095-001	1,412,607	07/01/12-06/30/13			1,412,607	(1,412,607)						1,412,607
Reimbursed TPAF													
Social Security Contributions	13-495-034-5095-002	1,445,363	07/01/12-06/30/13			1,374,229	(1,445,363)		(71,134)				1,445,363
Reimbursed TPAF													
Social Security Contributions	12-495-034-5095-002	1,587,393	07/01/11-06/30/12	(71,549)		71,549							
Total General Fund				(220,021)	0	18,156,444	(18,164,882)	0	(228,459)	0	0	1,311,769	18,045,636
Special Revenue Fund:													
Preschool Education Aid	13-495-034-5120-086	474,114	07/01/12-06/30/13		139,810	474,114	(545,284)			68,640		47,411	545,284
Preschool Education Aid	12-495-034-5120-086	532,855	07/01/11-06/30/12	33,081						33,081			
Preschool Education Aid	11-495-034-5120-086	480,320	07/01/10-06/30/11	139,810	(139,810)								
N.J. Nonpublic Aid:													
Textbook Aid	13-100-034-5120-064	35,667	07/01/12-06/30/13			35,667	(34,629)				1,038		34,629
Textbook Aid	12-100-034-5120-064	34,705	07/01/11-06/30/12	2,261				(2,261)					
Technology Aid	13-100-034-5120-373	13,339	07/01/12-06/30/13			13,339	(9,863)				3,476		9,863
Nursing Aid	13-100-034-5120-070	49,504	07/01/12-06/30/13			49,504	(47,700)				1,804		47,700
Auxiliary Services:													
Compensatory Education	13-100-034-5120-067	169,724	07/01/12-06/30/13			169,724	(109,027)				60,697		109,027
Compensatory Education	12-100-034-5120-067	162,303	07/01/11-06/30/12	21,133				(21,133)					
Transportation	13-100-034-5120-068	23,031	07/01/12-06/30/13			23,031	(6,354)				16,677		6,354
Transportation	12-100-034-5120-068	31,422	07/01/11-06/30/12	6,012				(6,012)					
Home Instruction	13-100-034-5120-067	3,935	07/01/12-06/30/13			0	(3,935)		(3,935)				3,935
Home Instruction	12-100-034-5120-067	3,175	07/01/11-06/30/12	(3,175)		3,175							
English as a Second Language	13-100-034-5120-067	853	07/01/12-06/30/13			853					853		0
English as a Second Language	12-100-034-5120-067	862	07/01/11-06/30/12	862				(862)					
Handicapped Services:													
Examination & Classification	13-100-034-5120-066	31,248	07/01/12-06/30/13			45,258	(31,054)				14,202		31,054
Examination & Classification	12-100-034-5120-066	47,192	07/01/11-06/30/12	4,195				(4,195)					
Corrective Speech	13-100-034-5120-066	31,248	07/01/12-06/30/13			31,248	(12,812)				18,436		12,812
Corrective Speech	12-100-034-5120-066	27,645	07/01/11-06/30/12	13,428				(13,428)					
Supplemental Instruction	13-100-034-5120-066	33,998	07/01/12-06/30/13			33,998	(22,757)				11,241		22,757
Supplemental Instruction	12-100-034-5120-066	30,867	07/01/11-06/30/12	6,314				(6,314)					
Total Special Revenue Fund				223,921	0	879,909	(823,415)	(54,205)	(3,935)	101,721	128,424	47,411	823,415
State Department of Education Debt Service Fund													
	13-495-034-5120-017		07/01/12-06/30/13			384,128	(384,128)						384,128
State Department of Agriculture Enterprise Fund:													
State School Lunch Program	13-100-010-3360-023	17,149	07/01/12-06/30/13			15,540	(17,149)		(1,609)				17,149
State School Lunch Program	12-100-010-3360-023	15,714	07/01/11-06/30/12	(143)		143							
				(143)	0	15,683	(17,149)	0	(1,609)	0	0	0	17,149
Total State Financial Assistance				\$3,757	0	19,436,164	(19,389,574)	(54,205)	(234,003)	101,721	128,424	1,359,180	19,270,328

The Accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2013

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Town of Hammonton School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from budgetary basis to GAAP basis is \$(144,293) for the general fund and \$3,156 for the special revenue fund. See the following schedules and Note 1(E)9 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service or debt service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2013

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
State Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$18,164,882	823,415	18,988,297
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(144,293)	5,875	(138,418)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$18,020,589</u>	<u>829,290</u>	<u>18,849,879</u>

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$51,609	18,020,589	18,072,198
Special Revenue Fund	1,717,112	829,290	2,546,402
Debt Service Fund		384,128	384,128
Food Service Fund	771,941	17,149	789,090
Total Awards and Financial Assistance	<u>\$2,540,662</u>	<u>19,251,156</u>	<u>21,791,818</u>

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Federal Assistance:			
Actual amounts (budgetary)			
“revenues” from the Schedule of			
Expenditures of Federal Awards	\$51,609	1,719,831	1,771,440
Difference – budget to “GAAP”			
Grant accounting budgetary			
basis differs from GAAP in that			
encumbrances are recognized as			
expenditures, and the related			
revenue is recognized.			
		(2,719)	(2,719)
Total Federal revenue as reported			
on the statement of revenue,			
expenditures, and changes in fund			
balances	\$51,609	1,717,112	1,768,721

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2013.

NOTE 6. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate Federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. The district does not operate any schoolwide programs.

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified? _____ yes X no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	IDEA Basic
84.173	IDEA Preschool
10.553	School Breakfast Program
10.555	National School Lunch
10.555	National Snack Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

State Awards

Identification of major programs:

Name of State Program

13-495-034-5120-078
13-495-034-5120-089
13-495-034-5120-068
13-495-034-5120-084

Equalization Aid
Special Education Categorical Aid
School Choice Aid
Security Aid

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: Finding 2013-1

Information on the federal program: 10.553 School Breakfast Program
10.555 National School Lunch
10.555 National Snack Program

Criteria or specific requirement: The USDA imposes a restriction on the amount of Net Cash Resources under the Child Nutrition Programs at three times the average monthly operating expenditures.

Condition: Net cash resources exceeded three months average expenditures.

Questioned Costs: None

Context: The USDA stipulates the Child Nutrition Programs be operated on a Non Profit basis.

Effect: Net Cash Resources were \$129,067 in excess of the maximum calculated on the USDA form.

Cause: Certain planned capital expenditures have not been completed that would reduce Net Cash Resources.

Recommendation: The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

Management's response: Management is aware of the requirement and need to address the Finding.

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

STATE FINANCIAL ASSISTANCE

Finding: NONE

Program

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWN OF HAMMONTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, U.S. OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

Financial Statement Findings:

None